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LOS ANGELES COUNTY **LAFCO**

**Harbor Proposal for  
Special Reorganization**  
*Initial Fiscal Analysis*

April 25, 2001

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# 1. Purpose and Findings of the Study

The Harbor Proposal for Special Reorganization Initial Fiscal Analysis has been prepared on behalf of the Los Angeles County Local Agency Formation Commission (LAFCO) to assess the fiscal impact of an incorporation of a new "Harbor City" in the Harbor region of the City of Los Angeles. The initial fiscal analysis attempts to address the requirements of a comprehensive fiscal analysis (CFA) as defined in the Government Code and provides analysis of factors that, as prescribed by the Code, must be considered by LAFCO in the process of approving a proposal for special reorganization.

The initial fiscal analysis has been prepared in response to a preliminary proposal for special reorganization submitted by the applicant, Harbor Study Foundation, Inc. The applicant's preliminary proposal does not address, in detail, how the City's various municipal services would be divided and transferred to a proposed Harbor City; therefore, assumptions have been developed in an attempt to identify a viable process for the transition of services to a newly created city. Although a specific process is identified in this analysis, many other alternatives may exist regarding the assumed transfer of City services, personnel, assets, and liabilities.

As part of the special reorganization process, the applicant is expected to submit a final proposal, which may provide additional information as to the specific services to be provided by the Harbor City. The City of Los Angeles is also expected to comment on this initial fiscal analysis (as well as the applicant's final proposal), which may provide further information on the potential impact of the applicant's proposal on the level of service provided, or the impediments in dividing and transferring certain services.

The initial fiscal analysis is not meant to be a prescription for the break-up of the City of Los Angeles, nor is it meant to be a detailed plan for the creation of Harbor City. This analysis provides an assessment of the preliminary proposal for special reorganization, using the criteria set forth in the Government Code and a set of reasonable assumptions regarding the transfer of municipal services to a Harbor City. Other viable alternatives may be available, and any assumptions used in this analysis are not meant to preclude LAFCO from developing other alternatives, terms, or conditions for a proposed special reorganization in the Harbor area.

## Special Reorganization Process

The Cortese-Knox Local Government Reorganization Act of 1985 (former Government Code Section 56000 et seq.)<sup>1</sup> sets forth procedures for changes of organization or reorganization of local governments, including a "special reorganization" of an existing city. The Act defines a special reorganization as "a reorganization that includes the detachment of territory from a city or city and county and the incorporation of that entire detached territory as a city."<sup>2</sup> Because the definition of a special reorganization refers to an incorporation, it is assumed for the purposes of this fiscal analysis that all references to an incorporation in the Act are applicable to a special reorganization.

To initiate a special reorganization, the Act requires that a proponent obtain signatures from 25 percent of the voters or landowners in the area to be incorporated. The petition is submitted as part of an "application for proposal" that also includes a map of the boundaries and the names of three chief petitioners. As part of the review of the application, the commission's executive officer prepares a comprehensive fiscal analysis report including a recommendation on the proposal. The commission then holds hearings to review the proposal. If the commission approves the proposal, a public hearing is held to hear protests and objections. If not more than 50 percent of the voters protest, the commission may then call for an election in both the territory to be detached from the city, and the

<sup>1</sup> The Cortese-Knox Act was recently amended and is now known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the "Hertzberg Act"). The Hertzberg Act, which became effective January 1, 2001, is not applicable to the special reorganization process for the Harbor proposal because the application was filed prior to the effective date.

<sup>2</sup> California Government Code Section 56075.5.



entire territory of the city. In the event of an election, the majority of the voters in both the proposed new city and the city as a whole must favor the new city formation for it to take effect.

### Seven-Step Process

To facilitate the review of proposals for special reorganization, LAFCO has adopted the following Seven-Step process for conducting the required study for a proposed reorganization.

1. **Applicant Identifies Needs for Data Collection** – Applicant submits to LAFCO what it believes should be requested, analyzed and reviewed in terms of data from the City of Los Angeles.
2. **LAFCO Prepares a Request for Information** – LAFCO determines what it needs from City of Los Angeles in terms of data and how it is to be presented and prepares a request for information.
3. **Data Collection** – City of Los Angeles responds to LAFCO's request for information and provides comprehensive data.
4. **Review, Analysis of Data** – LAFCO reviews, analyzes, and packages information submitted by the City of Los Angeles. Guidelines are established for Applicant; City to prepare a response and a proposal.
5. **Applicant Reorganization Proposal** – Applicant submits proposal for Special Reorganization.
6. **Response to Applicant Proposal** – City of Los Angeles responds to Applicant's proposal.
7. **Final Plan – Comprehensive Fiscal Analysis** – LAFCO prepares final plan based on all information gathered including proposals from Applicant and the City of Los Angeles. Feasibility determined.

The initial fiscal analysis is part of step 4 of the Seven-Step process. Revisions are expected to this document based on comments from the applicant and the City prior to the completion of the comprehensive fiscal analysis.

In an attempt to refine the "request for information" from the City, LAFCO has further required that the applicant for special reorganization develop a "vision statement" for its proposed city that, among other things, describes the governance and management structure for the proposed new city, the organization of all city departments of the proposed new city, and what existing City of Los Angeles services the applicant intends to provide.

### Goals of the Study

The Cortese-Knox Act sets forth detailed requirements of the special reorganization process. As part of the review of any proposal for incorporation, the LAFCO executive officer must prepare a report including a comprehensive fiscal analysis and a recommendation of the proposal.<sup>3</sup> Although not specified as part of the comprehensive fiscal analysis, prior to the approval of any proposal for reorganization the commission must find that the "proposed city is expected to receive revenues sufficient to provide public services and facilities and a reasonable reserve during the three fiscal years following incorporation."<sup>4</sup> In addition, the commission cannot approve an incorporation unless: (1) it finds that the current revenues received by the City that would accrue to the proposed city are "substantially equal" to the current expenditures made by the City for services that would be assumed by the proposed city,<sup>5</sup> or (2) any negative fiscal impact has been adequately mitigated by terms and conditions imposed by the commission.<sup>6</sup> The concept of substantially equal revenues and expenditures has been described as a test of "revenue neutrality."

The commission must also consider certain factors in the review of a proposal for incorporation. Among others, the commission must consider "the present cost and adequacy of government services and controls in the area," as well as the "probable effect [of the special reorganization] on the costs and adequacy of services and controls in the area and adjacent areas."<sup>7</sup>

<sup>3</sup> Section 56833.1. The text of this section has been recodified as Government Code Section 56800.

<sup>4</sup> Section 56375.1. Text recodified as Section 56720.

<sup>5</sup> Section 56845(b). Text recodified as Section 56815(b).

<sup>6</sup> Section 56345(b)(2). Text recodified as Section 56815(c).

<sup>7</sup> Section 56841. Text recodified as Section 56668(b).



Based on the requirements set forth in the Cortese-Knox Act, the initial fiscal analysis includes an assessment of the financial viability of the new city and attempts to determine whether the proposed special reorganization would be “revenue neutral” for the City of Los Angeles. A review of certain factors associated with the costs of service in the proposed area of special reorganization is also provided for the benefit of LAFCO.

This initial fiscal analysis is also intended to provide the information needed by the applicant to prepare its final proposal pursuant to step 5 of the Seven-Step process.

## Data Sources

Most of the data used in this analysis have been provided by the City of Los Angeles, as part of the data collection process described in the LAFCO seven-step process. The City has provided LAFCO information regarding, among other things, its various municipal services, budgeted expenditures, staffing, organization of personnel, service territories, asset inventories, and revenues.

The primary sources of data and the application of the data in this analysis are summarized in the table below.

| PRIMARY DATA SOURCES USED IN ANALYSIS                                                            |                                                                                                                                                      |
|--------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>Data Source</u>                                                                               | <u>Application</u>                                                                                                                                   |
| Adopted Budget (including supplements), Fiscal Year 2000-01                                      | Base year City expenditures, departmental staffing                                                                                                   |
| Department Organization Charts, Fiscal Year 2000-01, Fiscal Year 1999-00                         | Allocation of workload by division, geographic location of personnel                                                                                 |
| Position Descriptions                                                                            | Allocation of workload by position, geographic location of personnel                                                                                 |
| Maps of Service Territory                                                                        | Distribution of departmental workload, geographic location of facilities                                                                             |
| Asset inventories                                                                                | Identification of municipal facilities and land potentially transferred to Harbor City                                                               |
| Interviews with City department managers                                                         | Services provided by department, allocation of workload, unique circumstances facing the department, barriers to the division of assets and services |
| City of Los Angeles Planning Department 1998 Population Estimate                                 | Relative population of Harbor area special reorganization area                                                                                       |
| Geographic Revenue Analysis for Fiscal Year 1998-99                                              | Geographic source of City revenues                                                                                                                   |
| County of Los Angeles Property Tax Assessments, Fiscal Year 1999-00                              | Geographic source of City property taxes                                                                                                             |
| County of Los Angeles Urban Research Division Sales Tax Revenue Analysis for Fiscal Year 1998-99 | Geographic source of City sales taxes                                                                                                                |

Some of the data sources used to estimate the geographic source of revenue were preliminary at the time this report was prepared. Any material changes to this supporting information will be incorporated into the final comprehensive fiscal analysis. Instances where preliminary data were used have been indicated in this report.

## Findings of the Initial Fiscal Analysis

To assess the “revenue neutrality” of a proposed special reorganization, a comprehensive review and analysis of services provided by the City has been undertaken, and an attempt has been made to identify those specific services that would transfer to the proposed Harbor City. This analysis of



transferred services allows for the estimation of the current expenditures for services that would be assumed by the new city as a result of a Harbor area special reorganization. The current revenue that would transfer to the new city has been estimated through a comprehensive analysis of the geographical source of revenue currently received by the City. Detailed analyses of both current expenditures and current revenue that would accrue to the proposed Harbor City are provided in section "Transfer of Service, Costs, Revenues, and Assets" of this report.

Future expenditure and revenue cash flows for a Harbor City that would occur during the first three full fiscal years of incorporation have also been estimated. The projected cash flows for the Harbor City are used to assess whether the Harbor City would receive sufficient revenues to provide services and maintain a reasonable reserve during the three full fiscal years following incorporation. Included in the projected expenditures for the Harbor City, in addition to the expenditures for services that would transfer from the City of Los Angeles, are estimated "start-up" costs that would likely be incurred by a new city. The Harbor City may also receive revenue in addition to the proportional share that would transfer from the City of Los Angeles. The estimated additional revenues and costs that would accrue to the proposed Harbor City are discussed in sections "Harbor City Start-Up Costs" and "Financial Viability of New City – Additional Harbor City Revenue" herein.

### Revenue Neutrality

Based on the applicant's vision statement, and the assumptions used in this analysis that set forth the process of apportioning municipal services and assets, it is estimated that, upon a special reorganization, the current City of Los Angeles expenditures that would accrue to a Harbor City would exceed the current City revenue that would accrue to the Harbor City. As shown on the table below, this determination is made upon a comparison of the municipal revenues, budgeted by the City in fiscal year 2000-01, that would accrue to the Harbor City, to the City's budgeted municipal expenditures in fiscal year 2000-01 for services that would be assumed by a Harbor City or paid for by the Harbor City through contracted service from the City of Los Angeles.

#### ESTIMATED CURRENT EXPENDITURES AND REVENUES ACCRUED BY HARBOR CITY

|                      | FY 2000-01<br><u>Estimate</u> |
|----------------------|-------------------------------|
| Current Revenue      | \$ 123,457,838                |
| Current Expenditures | 155,087,424                   |
| Difference           | \$ (31,629,586)               |

Detailed computations of the estimated amount of current expenditures and current revenues are provided in Appendix II of this report.

The estimated amount of municipal revenue that would accrue to a new Harbor City is based in part on an analysis of the geographic source of revenue undertaken by the City of Los Angeles in February 2001. The City's analysis provides estimates of the proportion of many of the City's differing General Fund and special purpose revenues that can be attributed to the Harbor area. The City did not review all revenues, as estimates were not provided for 26.5% of the City's various revenue sources. Therefore, as part of this initial fiscal analysis, for those revenues not analyzed by the City, an estimate of the proportion of City revenue generated from the Harbor has been developed. Both the City's estimates and the percentage estimates developed in this report were applied to each of the City's budgeted receipts for fiscal year 2000-01. A detailed discussion of the percentage estimates is given in section "Transfer of Service, Costs, Revenues, and Assets – Transfer of Revenue."



An important distinction must be made between the amount of municipal revenue currently contributed to the City of Los Angeles by Harbor residents and businesses and the amount of municipal revenue that would actually accrue to the Harbor City as a result of a special reorganization. Not all City revenues generated in the Harbor area would necessarily accrue to the Harbor City. Two significant City General Fund revenue sources are the annual transfers from the City's power revenue fund and water revenue fund. For fiscal year 2000-01, the City budgeted \$138.2 million of revenue from these funds. Because it has been assumed in this analysis (see "Transfer of Service, Costs, Revenues, and Assets – Other Departments – Water and Power") that the Harbor City would not likely be able to obtain an equity share of the Department of Water and Power immediately upon incorporation, the Harbor City may not benefit from the allowable revenue fund transfers for General Fund purposes. If the water and power user rates set for residents and businesses in the Harbor do not change upon a special reorganization (i.e., the Harbor City rate schedule is the same as the rest of the City), the City's Department of Water and Power could continue to generate a surplus that could be paid into the City's General Fund. Accounting only for revenue that would actually accrue to the Harbor City, it is estimated that 3.48% of the City's budgeted General Fund revenue in fiscal year 2000-01 and 3.05% of all budgeted revenue would accrue to the Harbor City upon incorporation.

In comparison to the current revenue of \$123.5 million budgeted by the City (excluding cash balances) that would accrue to the Harbor City, it is estimated that current expenditures by the City of Los Angeles for services that would be assumed by the Harbor City (or reimbursed to the City for contractual services performed) equals \$155.1 million. This level of expenditures is based on the estimated amount of service currently provided by the City in the Harbor area.

Given the estimated revenue that would transfer from the City is \$31.6 million less than the estimated expenditures, a special reorganization in the Harbor area would result in annual budget deficits for the new city. The estimated imbalance in revenues and expenditures would not allow for the creation of a reasonable level of reserves, and, as discussed in section "Financial Viability of the Harbor City," could require a reduction in the level of expenditures and municipal services currently provided in the Harbor area.

#### **Financial Viability of the Harbor City**

Financial projections for the new Harbor City have been developed by identifying the services to be provided by the new city, the additional costs that may be incurred by the Harbor City in transitioning service from the City of Los Angeles, the amount of municipal revenues to be received from residents and businesses in the Harbor City, and any state and federal funding that would accrue to the Harbor City upon incorporation. Based on these projections, it is estimated that a Harbor City would not achieve positive fund balances for the first three years after incorporation and would not maintain a reasonable level of reserves.

As shown on the table below, if the proposed Harbor City were to assume responsibility for the estimated level of service currently provided by the City, and incur potentially unavoidable start-up costs, expenditures would (beginning in fiscal year 2003-04, the first full year of incorporation) exceed revenues by \$35.4 million annually.



**HARBOR CITY PROJECTED BUDGET  
FISCAL YEAR 2002-03 THROUGH 2005-06  
(Unadjusted for Inflation)**

|                                        | <u>2002-03</u> | <u>2003-04</u> | <u>2004-05</u> | <u>2005-06</u> |
|----------------------------------------|----------------|----------------|----------------|----------------|
| <b>Revenue:</b>                        |                |                |                |                |
| General Fund                           | 151,667        | 102,212,519    | 102,212,519    | 102,212,519    |
| Special Purpose Fund                   | 35,583         | 21,566,318     | 21,566,318     | 21,566,318     |
| Mitigation Payment                     | -              | -              | -              | -              |
| Total Revenue                          | 187,250        | 123,778,838    | 123,778,838    | 123,778,838    |
| <b>Expenditures:</b>                   |                |                |                |                |
| Direct Municipal Services              | 1,000,000      | 146,817,665    | 146,817,665    | 146,817,665    |
| City of Los Angeles Contracted Service | -              | 8,269,759      | 8,269,759      | 8,269,759      |
| IT Transition Costs                    | 1,400,000      | 2,400,000      | 2,400,000      | 2,400,000      |
| Additional Personnel                   | 679,890        | 1,724,912      | 1,724,912      | 1,724,912      |
| Total Direct Expenditures              | 3,079,890      | 159,212,336    | 159,212,336    | 159,212,336    |
| Available Balance                      | (2,892,640)    | (38,326,139)   | (73,759,638)   | (109,193,137)  |

In developing the projected budget, it has been assumed that the effective date of the Harbor City incorporation would be November 5, 2002; however, the Harbor City would not assume responsibility for municipal services until July 1, 2003. The 8-month period after the effective date but prior to the transfer of service is assumed necessary to prepare for a transition of service from the City. The Harbor City is assumed eligible to receive state motor vehicle license fee and gas tax revenue immediately upon the effective date of its incorporation, but, given the City would continue to provide municipal services in the Harbor area, the new city would only receive the amount of revenue, if any, in excess of the amount currently received by the City. The Harbor City is also assumed to incur costs related to the modification of certain City-owned IT systems and for additional personnel during the 8-month transition period.

In order for a proposed Harbor City to close a projected budgetary gap, a reduction in expenditures would likely be required, which could most directly be accomplished by limiting the number of staff transferred from the City of Los Angeles. This initial fiscal analysis has attempted to estimate the number of existing City personnel that currently provide services to the Harbor area. Many of these positions could remain with the City in the event of a Harbor area special reorganization without causing a negative fiscal impact on the City. The Harbor area would, however, experience a reduction in the level of municipal services provided, as currently dedicated City staff would no longer serve the Harbor area.

This report does not determine the specific City positions that would need to be retained by the City in order that the proposed Harbor City could achieve positive fund balances. The Harbor applicant may offer this information as part its final proposal for special reorganization. However, to provide an indication of the magnitude of the necessary reduction in City staff currently allocated to the Harbor, it is estimated that as many as 325 positions, or 24% of the total number of positions allocated to the Harbor area would need to be retained by the City.

For other expenditures that may be incurred by the proposed Harbor City, there may be less flexibility in making reductions. The Harbor City may experience additional costs resulting from newly created positions, required modifications to City equipment to allow for independent operations between the City and Harbor City, and additional office space for transferred City personnel. These start-up costs may be unavoidable and would result from the attempt to create two separately governed municipalities.



At a minimum, the Harbor City may face additional costs of \$2.4 million annually related just to the utilization of the City's IT environment. A new Harbor City may also experience costs for additional staffing, including elected officials, which cannot be transferred from the City. Other unavoidable start-up costs could result from planning activities that could require interim, dedicated staff or consultant resources, and from the need to lease office space in the Harbor area. The estimated minimum level of start-up costs is based on several assumptions used in this report, and to the extent any assumptions prove unfeasible, or the Harbor applicant proposes other alternatives, additional costs for the proposed Harbor City may be greater.

As stated above, in order to estimate the amount of expenditures that would be incurred by the Harbor City, the initial fiscal analysis has attempted to identify the City services currently provided in the Harbor area, which would be assumed by a new Harbor City or paid for by the new city through a contractual relationship with the City of Los Angeles, then estimate the current and future cost of those services. Similar to the revenues that would transfer to a new Harbor City, a distinction must be made between City services provided for the benefit of the Harbor area, and those services that could actually come under Harbor City control upon a special reorganization. For many services performed by the City, it may not be possible to divide existing City infrastructure or equipment between the Harbor City and Los Angeles, within the study period of this report. These City services, such as utility service, radio systems, and certain computer networks, utilize large-scale systems that have been designed for specific usages and cannot be divided without undertaking a time-intensive process to redesign and construct two separate systems. In fact, it may not be cost-effective to utilize the City's existing assets or system design, and may be more beneficial for the Harbor City to independently design and construct new technology systems based on the needs of the new city.

An additional difficulty in creating independent Harbor City information technology systems is the dearth of available personnel qualified to administer the systems. The Harbor City would likely need to source with the City or private operator until it could develop its own strategic plan for the development and implementation of separate information technology systems.

In addition to the City's IT environment, it is assumed in this report that the proposed Harbor City would contract from the City for the City Employee Retirement System, the Police and Fire Retirement System, and utility services for water, power, and sewer. Payment to reimburse the City for the utility service is assumed to be recovered through user charges paid by Harbor area residents and businesses.

Additional detail on the computation of contractual service from the City of Los Angeles is provided on Table E-8 in Appendix II.

### **Impact on Adequacy of Service**

As part of the proposed Harbor City incorporation, the commission must consider the effect on the costs and adequacy of service in both the Harbor area and the remaining City of Los Angeles. A special reorganization in the Harbor area could result in the transfer of 1,367 City positions (excluding "as needed" positions) to the new Harbor City. This level of change in personnel would have an impact on the organizational structure of many City departments and affect the way work is performed by the City. Although certain City departments are currently segregated into Harbor and non-Harbor workforces, most affected City departments would need to restructure the organization of personnel and redefine work assignments for many positions. It is reasonable to expect that the City would lose some productivity as part of such a reorganization. However, the magnitude of any loss of productivity is difficult to project or quantify.

In addition, it has been assumed in this report that all current City department managers would remain with the City, and the Harbor City would obtain its own department heads from the pool of staff transferred. This assumption may result in a lack of highly specialized department managers at the



new city, which may negatively impact the level of productivity or quality of service provided. Again, the magnitude of any negative impact is difficult to quantify.

The City has also asserted, as part of the data collection process for this study, that the level of effort for many of its service requirements or legal mandates is fixed and would not be reduced in the event of a special reorganization. Therefore, any loss of staff would negatively impact the City's ability to meet its fixed service requirements. To the extent possible, this fiscal analysis has attempted to identify any fixed service requirements of the City, and has assumed that these services would continue to be provided exclusively by the City without a transfer of staff to the proposed Harbor City. However, it is expected that the City will provide additional information regarding its fixed service requirements in response to the applicant's final proposal, and the potential negative impact on the City's ability to meet any legal mandates can be addressed as part of the final comprehensive fiscal analysis.

In addition to the loss of productivity for certain positions that may need to be reassigned to new duties, both the City and new Harbor City may experience diseconomies of scale for certain services, whereby the service would have been provided in a more cost-effective manner if provided solely by the City. In fact, as discussed above, it is assumed the applicant would contract with the City for many services that would be difficult to provide independently by the Harbor City.

#### Potential for Additional Costs

It is important to restate that the estimated transition costs identified in this report are what is believed to be a minimum amount. The actual amount of transition costs relating only to the provision of the City's IT environment may be as high as \$15 million or more annually. Other additive costs may also arise resulting from the need to provide office space in the Harbor area, unforeseen logistical difficulties in dividing vital functions, and legal and administrative costs associated with the transfer of City employees, among others. These additive costs would require a Harbor City to further attempt to enhance its revenue generation or reduce other expenditures to meet future budgets. Any forced reduction in expenditures resulting from excessive transition costs may further degrade the level of municipal services provided in the Harbor area.



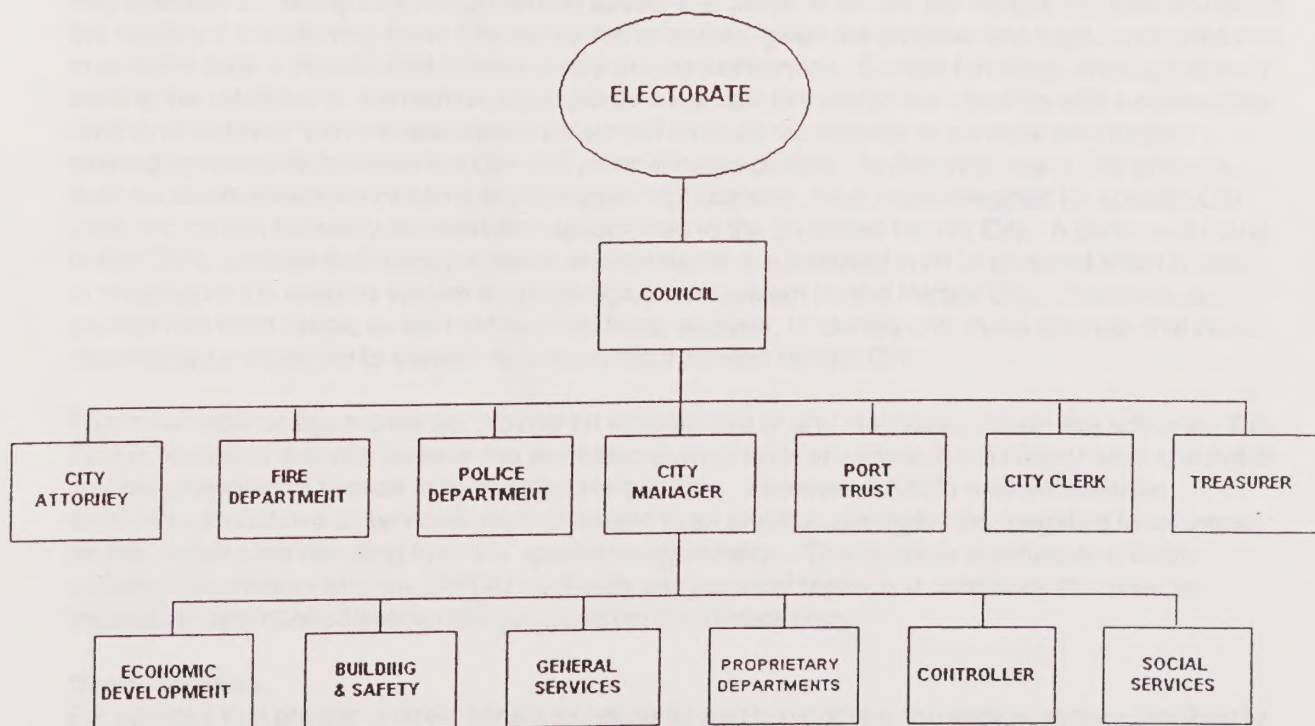
## 2. Harbor Area Proposal for Special Reorganization

The Harbor applicant submitted a vision statement to LAFCO in April 2000 that identifies the municipal services to be provided by the proposed new city.<sup>8</sup> The vision statement also describes the organizational structure for the proposed city, identifies how assets would be divided between the new city and the City of Los Angeles, and proposes a transition of the Port of Los Angeles to the new city.

### Services to be Provided

The applicant has proposed that it would provide the services currently provided by the City, and that its plan "simply allocates a reasonable portion of each City of Los Angeles Service to the Harbor Area."<sup>9</sup> The applicant has further indicated the specific number of City staff that would transfer to the proposed Harbor City. The number of City staff that would purportedly transfer to the new city was identified by applying the estimated percentage of population or square miles in the Harbor area to the number of positions (for each department) in the City's fiscal year 2000-01 budget. The applicant has also identified the various departments that would exist as part of the new city, and has described the functions of each department. The proposed organization chart for the new city is shown below. The applicant has proposed that the Harbor City would operate as a general law city governed by a city council. A mayor for the new city would be a council member and would be selected by the council.

### CITY ORGANIZATION CHART



<sup>8</sup> LAFCO has not adopted or approved the applicant's vision statement and has the discretion to revise the applicant's proposal.

<sup>9</sup> Harbor Study Foundation, Inc., "Applicant's Response to Request of Proposed Services and Organizational Structure dated 4/19/2000." Exhibit A, p. 3.



## Allocation of Assets

The applicant has stated in its vision statement that “it is entitled to a per capita and geographic, proportionate interest in the City’s assets, facilities, departments, services, revenues, debts and issues regarding revenue neutrality regardless of which area of the city they are located within and regardless of whether they are located in a geographic area initiating a Special Reorganization process.”<sup>10</sup>

## Port City and Industry Trusts

The applicant has proposed that a “Port City Trust” and a “Port Industrial Trust” would be created that would be responsible for the management of the state tidelands property. That is, the ownership of state tidelands (comprising the Port of Los Angeles) that was granted to the City in trust by the State Legislature would be conveyed to the new city. The applicant has proposed that the Port City Trust would, among other things, manage economic and community development projects in the area of Avalon and Harbor Boulevards.

## Other Considerations

In addition to specific proposals, the Harbor applicant has requested that other broad considerations be considered. The applicant has stated in its vision statement that all existing City employees would be retained, and services would be allocated so as to provide a “smooth transition for all City employees.”<sup>11</sup> The applicant has also acknowledged that “the existing City laws and ordinances, as required by Cortese-Knox Act, will roll over to the new city at the time of its creation.”

Consideration of the tenets included in the Harbor vision statement has been made in the development of the initial fiscal analysis, except to the extent not practicable, or to the extent the applicant’s proposal is not consistent with or conflicts with the Cortese-Knox Act.

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<sup>10</sup> Ibid. p. 3.

<sup>11</sup> Ibid. p. 4.



### 3. Transfer of Service, Costs, Revenues, and Assets

As discussed in section “Harbor Area Proposal for Special Reorganization,” the applicant has proposed that, as a result of a special reorganization, it shall provide a reasonable portion of each service currently provided in the Harbor area by the City of Los Angeles. However, the applicant has also proposed that City staff would be transferred to the new city based on fixed percentages. This allocation of City staff does not consider the manner the City currently provides services to the Harbor area. Because this initial fiscal analysis attempts to assess the impact on the adequacy of municipal services to be provided by the new city, an estimate of the level of service currently provided by the City of Los Angeles for the Harbor area (i.e. the status quo) must first be undertaken. This section describes the assumptions used in the initial fiscal analysis necessary to make the required findings of this report.

#### Apportionment Methodology

In consideration of the applicant's vision statement and the need to identify the impact on the adequacy of service as a result of the special reorganization, this initial fiscal analysis assesses the fiscal impact of transferring only those City services currently provided for the businesses and residents of the Harbor area. These services include those physically located in the Harbor area, as well as those provided by centrally located City staff for the benefit of the Harbor area. City expenditures for those services are estimated based on the number of staff or level of contracted service used for the benefit of the Harbor area.

It must be noted that the identification of the City services and personnel that currently benefit the Harbor is a highly complex matter, and requires that assumptions be made based on independent analysis as well as data provided by the City. Furthermore, the methodology for determining which services and assets could transfer to the Harbor City (as a result of the special reorganization) not only attempts to identify City personnel and assets that serve or benefit the Harbor, but also considers the viability of transferring those City personnel or assets, given the physical and legal constraints that may make such a transfer prohibitively costly or time-consuming. Certain functions, although directly serving the residents of the Harbor, could not be expected to transfer from the City with a reasonable level of certainty or within a reasonable amount of time, as the transfer of services may impact existing agreements between the City and other affected parties. Additionally, many City systems, such as communications systems and computer applications, have been designed for specific City uses and cannot be easily divested and apportioned to the proposed Harbor City. A division of many of the City's complex technology systems would require a substantial level of time and effort in order to reconfigure the existing system and redesign a new system for the Harbor City. Therefore, an attempt has been made, as part of this initial fiscal analysis, to identify only those services that could reasonably be expected to transfer to a newly incorporated Harbor City.

The initial fiscal analysis does not provide an assessment of any reallocation of service within the City. That is, the fiscal analysis looks at the estimated current level of service in the Harbor area and not at any redeployment of service to or from the Harbor area. However, LAFCO may yet consider alternative allocations of services, staff, or assets in an attempt to mitigate any negative fiscal impact on the Harbor area resulting from the special reorganization. This analysis attempts to provide sufficient information to allow LAFCO to identify any potential terms and conditions that may be imposed on a proposed special reorganization in the Harbor area.

#### Direct Services

For services that provide a direct benefit to residents and businesses, the level of service provided to the Harbor area can be identified based on the service area or allocation of workload of the particular municipal function. In most instances, the service area is related to the location of municipal facilities. For example, police and fire stations located in the Harbor area likely provide service primarily to the Harbor area. The level of staffing and amount of expenditures for these facilities can be identified.



Some direct services are not geographically distributed throughout the City, even though these services provide a direct benefit to the Harbor. Many City services are centrally located but contain staff dedicated to certain areas of the City. In these instances, an attempt has been made to determine the functional organization of the centralized City service and identify personnel dedicated to the Harbor. If no such allocation of personnel exists, then an analysis of the workload of the particular City service has been undertaken to estimate the level of effort provided to the Harbor.

### **Indirect Support Services**

Other services provided by the City do not directly serve the residents and businesses of the City but exist primarily as a support to other City departments. These services include General Services, City Clerk, Administrative and Research Services, Controller, et al. An allocation of indirect support services to the Harbor area can be made based on the number of employees, population of the Harbor area, or level of expenditures transferred.

### **Revenue**

It is assumed in this initial fiscal analysis that, with the exception of certain user fees and charges that would continue to be paid to the City of Los Angeles, municipal revenues generated within the geographical boundaries of the Harbor City would accrue to the new city in the event of a special reorganization. The amount of revenues generated by the proposed Harbor City has been estimated, for the most part, by the City of Los Angeles. However, the Assessor's Office of the County of Los Angeles has provided an estimate of property tax generated in the Harbor area, and the County's Urban Research Division has estimated the amount of sales tax generated in the Harbor area. A detailed discussion and review of the City and County estimates is provided in section "- Transfer of Revenues" of this report.

### **Alternatives for the Provision of Municipal Facilities**

It has been assumed for the purposes of this analysis that City municipal facilities (e.g., administration buildings, police stations, fire stations, libraries, and parks) that are required in the provision of service to be performed by the Harbor City, and which would not be needed by the remaining City of Los Angeles, would be transferred to the Harbor City without payment. Although discretionary authority for the transfer of assets as part of a special reorganization appears to be provided in the Government Code, the new city is not legally entitled to a proportional share of assets, and would be subject to the discretion of LAFCO regarding the terms of any transfer of City-owned assets. Alternatives for the provision of municipal facilities would include the leasing of facilities by the Harbor City or the purchase or construction of facilities. These alternatives have not been addressed in this analysis, but may be addressed in the comprehensive fiscal analysis.

### **Transition of Service to the New City**

As discussed throughout this report, many issues must be resolved in order for the Harbor City to assume responsibility for the proposed municipal services. For example, the City must identify which specific employees would transfer to the Harbor City and negotiate the transfer with its existing bargaining units, must review and make changes to its Charter, must ensure any reorganization complies with legal requirements such as its consent decrees, and must resolve technical problems relating to the sharing or dividing of assets. The process required to resolve many of these issues has not yet been identified, and it is expected that the applicant and City of Los Angeles will provide additional insights into these issues prior to the preparation of the final comprehensive fiscal analysis and prior to a potential special election.

For the purposes of this report, it has been assumed an 8-month transition period would occur from the effective date of the incorporation, November 5, 2002, to the date the Harbor City would actually assume responsibility for services on July 1, 2003. During the transition period, it is assumed the Harbor City would continue to rely on the City of Los Angeles for the provision of all municipal services, and the City would continue to receive all municipal revenue, except for any incrementally higher motor vehicle license fee and gas tax revenue that would accrue solely to the Harbor City. It is



To the extent any issues related to the transition of service are not resolved prior to the proposed special election, the transition period may exceed the assumed 8-month period.

To the extent any issues related to the transition of service are not resolved prior to the proposed special election, the transition period may exceed the assumed 8-month period.



## **Budgetary Departments**

The various City departments for which the budget is controlled by City Council are referred to as "budgetary departments." Those departments that have control of their own funds are discussed in section "Other Departments." Certain budgeted expenditures made by the City that are not associated with a specific department are discussed in section "Non-Departmental."

The Los Angeles Convention Center and Zoo Department are not assumed transferred to the proposed Harbor City, given the Los Angeles Convention Center and Los Angeles Zoo are not within the proposed boundaries of the area of special reorganization, and are not included in this analysis.



### **Administrative and Research Services**

The Office of Administrative and Research Services (OARS) is the chief financial advisor to the Mayor and City Council. OARS conducts studies and investigations, carries out research, and makes recommendations on City management matters. OARS assists the Mayor and City Council in the preparation of the City budget and plans and directs the development of work programs and standards. It represents the management of the City in negotiating all labor contracts, administers the City's debt management program, and coordinates application for federal and state grants and claims for disaster relief. OARS also provides support for the Quality and Productivity Commission and performs other duties required by the Mayor and City Council.

### **Distribution of Service Within the City**

OARS generally performs internal City services, which are conducted at two offices located on the 6th and 15th floors of City Hall East. OARS also provides direct public service at the Public Information Desk located on the 2nd floor of City Hall East. Information Desk staff provide assistance, both in-person and telephonically, to individuals who need general information about City Hall and the offices located therein.

### **Proposed Apportionment**

The applicant's proposed apportionment seeks to provide the new Harbor City with responsibility for the services the Harbor area currently receives from OARS. Such an apportionment could be accomplished by transferring to the new Harbor City: (1) those department personnel that, as of fiscal year 2000-01, provide services to the Harbor; and (2) a proportionate share of the assets used to provide direct administrative support to the department.

### **Transfer of City Personnel**

The number of department staff that, as of fiscal year 2000-01, provide services to the Harbor can be estimated based on the current location of staff as well as the estimated workload and service needs in the Harbor. According to the department's fiscal year 2000-01 organizational chart, the department had 118 budgeted positions.

The Department is comprised of five divisions, the functions of which are described in the table below.

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#### **OFFICE OF ADMINISTRATIVE RESEARCH SERVICES INTERNAL DIVISION FUNCTIONS**

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| <b><u>Division</u></b>         | <b><u>Function</u></b>                                                                                                                                                                                                                                                                                                                            |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mgmt. and Exec. Support        | Responsible for managing the department.                                                                                                                                                                                                                                                                                                          |
| Budget and Capital Programming | Comprised of five groups that provide services to the City related to finance, budgeting, and debt administration.                                                                                                                                                                                                                                |
| Management Services            | Comprised of six groups that provide review and analysis related to grants management, various departmental budgets, disaster grants, and departmental and interdepartmental IT and communication services. It is also responsible for the City's Risk Management Program and provides staff support for the Quality and Productivity Commission. |
| Employee Relations             | Responsible for labor relations, oversight and enforcement of the City's Living Wage, Service Contract Worker Retention and Equal Benefits Ordinances.                                                                                                                                                                                            |
| Office Services                | Responsible for the Department's Accounting, Payroll, Personnel Services, Word Processing and Records sections.                                                                                                                                                                                                                                   |

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Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Harbor. As shown in the table below, it is estimated that a total of 5 positions provide service to the Harbor. This estimate is based on the fiscal year 2000-01 budget, and on a total of 118



positions in the department. A special reorganization would thus result in roughly 4.2% of the department's staff being transferred to the new Harbor City.

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**OFFICE OF ADMINISTRATIVE RESEARCH SERVICES  
ALLOCATION OF WORKLOAD AND STAFF**

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| <u>Unit</u>                      | <u>Allocation Method</u>                                            | <u>Positions</u> | <u>Harbor<br/>Allocation</u> |
|----------------------------------|---------------------------------------------------------------------|------------------|------------------------------|
| Management and Executive Support | Proportion of employees                                             | 8                | 0                            |
| Office Services                  | Proportion of employees                                             | 15               | 1                            |
| Information Center               | None-provides services to individuals calling or visiting City Hall | 1                | 0                            |
| Budget and Capital Programming   | Proportion of citywide employees                                    | 30               | 1                            |
| Management Services              | Proportion of citywide employees                                    | 44               | 2                            |
| Employee Relations               | Proportion of citywide employees                                    | 20               | 1                            |
| Total                            |                                                                     | 118              | 5                            |

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The methodology used to estimate the number of positions providing service to the Harbor is as follows. The Management and the Office Services Divisions primarily support the activities of the department's other divisions. Their staffing is therefore a function of the total number of department staff and can reasonably be apportioned using the department's estimated number of employees to be transferred to the new Harbor City.

The Information Desk portion of Offices Services would be apportioned geographically. Because the Information Desk primarily services individuals visiting City Hall or those calling to acquire information about City Hall, the staff dedicated to the Desk should remain under control of the City. The new Harbor City would need to hire an individual to staff its Information Desk, should a special reorganization occur.

The Budget and Capital Programming Division is comprised of five groups that provide services to the City related to finance, budgeting, and debt administration. The majority of these groups provide services to a select group of City departments as well as services that have citywide application. For example, the Finance Group is responsible for coordinating the development of revenue and supporting documentation for the annual budget, for monitoring actual revenues and expenditures during the fiscal year, and for providing periodic financial status reports to the Mayor and Council. The Group also has specific budget responsibility for the Office of Finance, City Clerk, General City Purposes, the Unappropriated Balance, and the Reserve Fund. Given the wide scope of internal support services provided by this Group as well as others in the division, it appears reasonable to assume that the division serves the Harbor based on the proportion of employees citywide that would transfer to the proposed Harbor City, should a special reorganization occur.

The Management Services Division is comprised of six groups that generally provide review and analysis related to grants management, budget review services, disaster grant administration, and departmental and interdepartmental IT and communication services. The division is also responsible for the City's Risk Management Program and provides staff support for the Quality and Productivity Commission. Most of the division's groups provides services to a wide selection of City Departments and/or provides services that have citywide application. For example, the Proprietary Departments Analysis and Disaster Grants Group is responsible for financial and budgetary analysis for the Personnel Department and the City's proprietary departments. This Group is also responsible for Disaster Grants Administration and coordinating the printing of the Mayor's proposed and Adopted Budgets. Given the wide scope of internal support services provided by this Group as well as others in



the division, it too appears reasonable to apportion using the proportion of employees citywide that would transfer to the proposed Harbor City.

The Employee Relations Division is responsible for representing the City's management in relations with employee representatives pertaining to economic or citywide issues, advising departments on salary, organizational and contract matters, and for the oversight and enforcement of the City's Living Wage, Service Contract Worker Retention and Equal Benefits Ordinances. These services are a function of the number of citywide employees. The division can therefore be apportioned using the proportion of employees citywide that would transfer to the proposed Harbor City as part of the special reorganization.

The department also has budgeted for the cost of a small number of "as needed" Administrative Trainee positions. A proportional amount of the cost of these positions are assumed transferred to the Harbor City in the same percentage as the number of budgeted positions transferred.

#### Sufficiency of Staff Apportioned to the Harbor and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout OARS does not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified employees would be transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the department's 118 positions, roughly 67 percent are professional/technical. The professional/technical positions consist of Finance Specialists, Analysts, Fiscal Systems Specialists, and Risk Managers. The clerical/administrative category comprises 22 percent of department staff. It includes Secretaries, the Quality and Productivity Commission Executive Assistant and Clerks. Finally, roughly 11 percent of department staff are either upper management or highly specialized. This category includes the City Administrative Officer, Assistant City Administrative Officer, division group Chiefs, and Director of Systems.

To achieve, at least in percentage terms, a roughly similar mix of skills and experience among department staff in the new Harbor City, the 5 positions apportioned to the Harbor would consist of the following: 3 profession/technical positions, 1 clerical/administrative positions, and 1 management/specialist. Given its current mix of position categories, the department appears to contain sufficient staff in each category to allow for such a transfer.

#### **OFFICE OF ADMINISTRATIVE AND RESEARCH SERVICES COMPOSITION OF WORKFORCE**

| <u>Category</u>         | <u>Positions</u> | <u>Percent of</u> |
|-------------------------|------------------|-------------------|
|                         |                  | <u>Total</u>      |
| Professional/Technical  | 79               | 67%               |
| Clerical/Administrative | 26               | 22%               |
| Management/Specialists  | 13               | 11%               |
| Total                   | 118              |                   |

#### Transfer of Equipment and Facilities

The applicant's proposed apportionment would consist of transferring to the new Harbor City the facilities, equipment and other assets (including IT applications) used to provide services to the Harbor City. In general, this would include transferring a proportionate share of centrally located equipment and other assets to the new Harbor City. However, as discussed in the section "Harbor City Start-Up Costs," many of these City assets may not be divisible, or it may not be feasible or economical to duplicate them.



The department has identified an IT application that may be required by a new Harbor City, which cannot be easily apportioned from the City. The department's automated budget system, called BRASS, is used to produce the City's Budget and Detail of Department Programs With Financial Summaries. OARS has stated that it has spent \$454,515 for BRASS software installation and development. Licensing costs are approximately \$28,000 per year. It is likely that this software has been designed to accommodate the City's current budget system, and therefore could not be transferred or duplicated for the new city without significant redesign. If the new Harbor City elected to use BRASS to produce its budget documents, it would need to pay for the development of a new system and would need to pay its own licensing and maintenance fees. For the purposes of this report, it is assumed that Harbor City would not purchase a budgeting application, and would prepare its annual budget without the use of the BRASS application.

#### Transition of Service to the New City

It is expected that the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for staff transferred to the new city and the acquisition, development or transfer of equipment and systems to the new Harbor City.

#### Projected Expenditures

The special reorganization would result in the transfer of 5 positions, or roughly 4.2% of the department's staff, to the new Harbor City. The expected salary cost for the new department is estimated based on the proportion of employees transferred as of the fiscal year 2000-01 Budget. The department does not expect any significant changes to its staffing level during the planning period, or any changes to the level of service provided.

Non-salary personnel expenditures are also estimated based on the proportion of employees transferred.

#### Contractual Services

The department contracts with outside vendors for specialized services generally including but not limited to revenue report application maintenance, Automated Budget System maintenance, annual maintenance of BRASS software and other BRASS-related services, graphics, auditing of outside legal bills, retirement and employee benefit studies, and employee fact-finding and arbitration. For fiscal year 2000-01 OARS budgeted \$539,475 for contractual services. It is assumed that the new city's OARS will require a proportional amount of contractual services to maintain similar levels of operation.

#### Department Start-up Costs

The department would require the provisions of office space, and would need to be incorporated into the new city's payroll, accounting, and information systems. The overall planning for the start-up of the department would also require interim, dedicated staff or consultant resources. These base start-up costs, which are expected to be incurred by almost all functions transferring to the new city, are accounted for in the section "Start-Up Costs."

#### Projected Revenues

The department has historically received the majority of its funding from the City's General Fund. The department receives the balance of its funds from the L.A. Convention & Visitors Bureau Fund, the Sewer Construction & Maintenance Fund, Proposition C Anti-Gridlock Transit Fund, and the Disaster Assistance Trust Fund.

As further discussed in section "Transfer of Revenue," the City's Special Purpose Funds account for the use of funds that are restricted to specified purposes. Because it has been assumed in this report that the proposed Harbor City would not obtain control of the Convention Center or the City's sewer system upon a special reorganization, the department would not need to create its own Los Angeles Convention & Visitors Bureau Fund or Sewer Construction and Maintenance Fund, and would not



incur costs related to these assets. It is expected that the new city would receive revenue from its own Proposition C Anti-Gridlock Transit Fund, and an amount proportional to the City's fiscal year 2000-01 funding allocation is assumed for the Harbor City OARS department.

The following table represents General Fund departmental receipts. The department's gross receipts represent its total cost recovery to the General Fund. The new Harbor City's departmental receipts would be contributed to the Harbor General Fund. The amount of the General Fund departmental receipts that are currently generated by the Harbor, as well as other General Fund receipts that would be contributed to the new city, are discussed in section "Transfer of Revenue."

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**OFFICE OF ADMINISTRATIVE AND RESEARCH SERVICES  
GENERAL FUND DEPARTMENTAL RECEIPTS**

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| <u>Revenue Source</u>                                           | <u>2000-01<br/>Budget</u> |
|-----------------------------------------------------------------|---------------------------|
| Reimbursement from Other Funds                                  | \$ 107,360                |
| Quasi-External Transaction (Service to Proprietary Departments) | 572,090                   |
| Other Current Service Charges                                   | 2,000                     |
| Quasi-External Transaction (Service to the CRA)                 | 225,800                   |
| <b>Total</b>                                                    | <b>\$ 907,250</b>         |

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## Aging

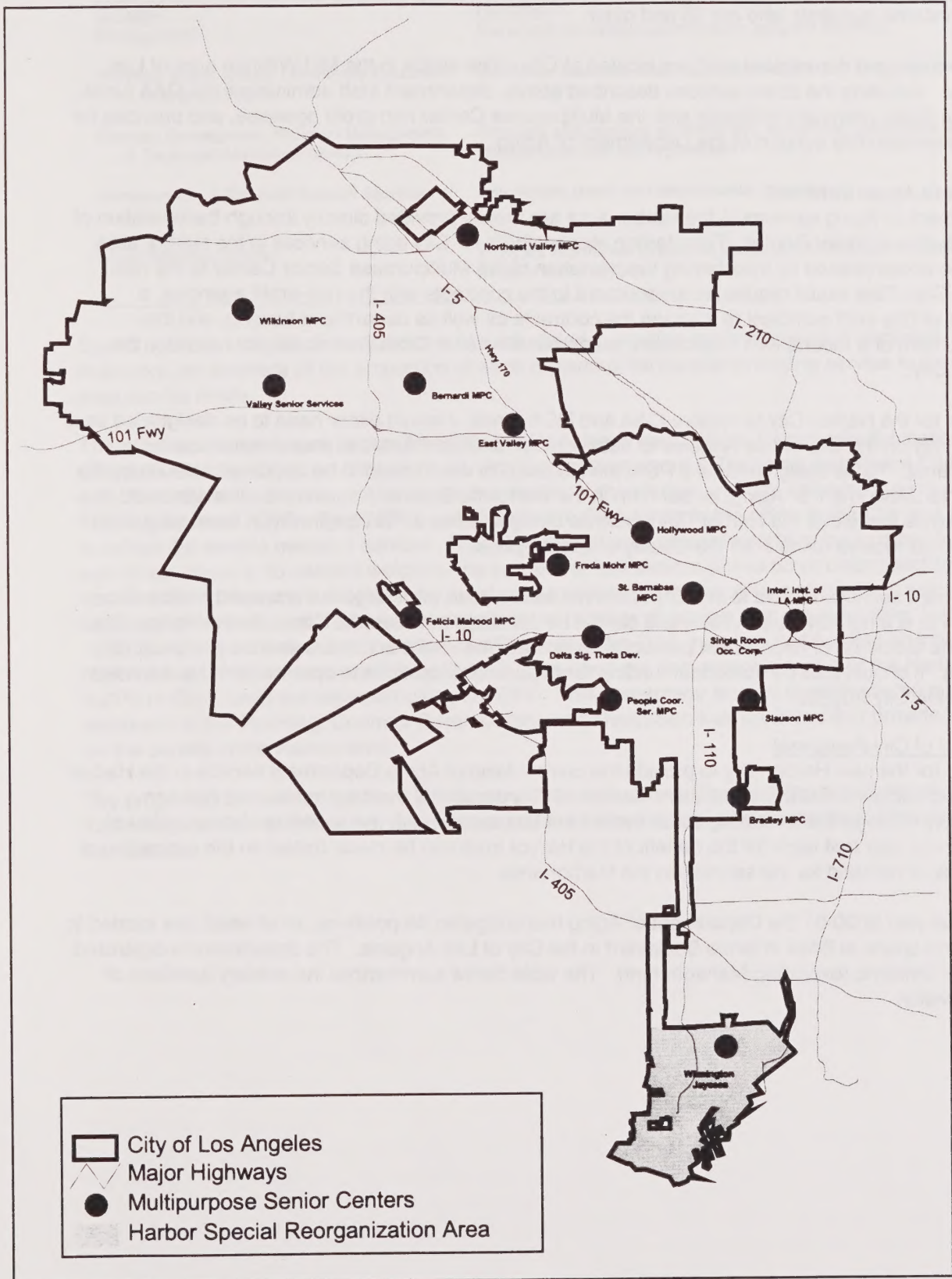
The Department of Aging manages the City's Senior Citizen activities. The primary function of the department is the management of the federal Older Americans Act (OAA) and the Older Californians Act (OCA), which are allocated through the California State Department of Aging. The OAA was enacted in 1965 to provide funding for social, employment, transportation, and nutrition programs for persons sixty years of age and older. OAA funding is allocated to California for designated uses based on the number of seniors. The California State Department of Aging allocates funding to local Area Agencies on Aging (AAA) within the State, including the City of Los Angeles, which are primarily responsible for the provision of service to seniors.

### **Distribution of Service within City**

The City of Los Angeles, simultaneously designated as the Area Aging Agency (AAA) and a Planning and Service Area (PSA 25), manages the use of OAA funding in 15 Aging Service Areas (ASAs) within the City; one of which is located in the Harbor area. OAA funding is used for services managed by the department that are available through the City's Multipurpose Senior Centers. The Multipurpose Senior Centers are operated by non-profit agencies, and provide direct services including nutrition programs, case management, and paratransit door-to-door service. As of fiscal year 2000-01, 16 Multipurpose Senior Centers are available in the City, with one located within the boundary of the proposed Harbor area of special reorganization.



# City of Los Angeles Multipurpose Senior Centers





In addition to the services available at the Multipurpose Senior Centers, the Department of Aging centrally manages and operates direct programs including the Emergency Alert Response System (EARS), which involves the distribution of medical monitoring equipment, and a job training program for low income residents who are 55 and older.

All City-employed department staff are located at City office space in the Mid-Wilshire area of Los Angeles. Including the direct services described above, department staff administers the OAA funds from the State, manages contracts with the Multipurpose Center non-profit agencies, and provides for direct administrative support of the Department of Aging.

### **Proposed Apportionment**

Department of Aging services in the Harbor area are mostly provided directly through the operation of a Multipurpose Senior Center. Transferring responsibility for City aging services in the Harbor area could be accomplished by transferring the operation of the Multipurpose Senior Center to the new Harbor City. This would require an amendment to the contracts with the non-profit agencies, a transfer of City staff sufficient to manage the contracts as well as department funding, and the development of a mechanism to provide a proportional level of Older Americans Act funds for the Harbor City.

In order for the Harbor City to receive OAA and OCA funds, it would either need to be designated as a PSA or rely on the City of Los Angeles to pass through sufficient funds to preserve service in the Harbor area. To be designated as a PSA, the Harbor City would need to be approved as such by the California Department of Aging, as set forth in the California Code of Regulations. It is assumed in this analysis that either the Harbor City would be designated as a PSA beginning in fiscal year 2003-04 or would receive funds from the County of Los Angeles.

Department services related to the EARS are not assumed to transfer to the proposed Harbor City. The EARS is a non-divisible system and cannot be allocated between the City and new Harbor City. Thus, the allocation of department personnel to operate the EARS is not assumed to occur in this analysis. It should also be noted that funding for department positions to operate EARS is provided outside the City Budget.

### **Transfer of City Personnel**

In order for the new Harbor City to provide the current level of Aging Department service in the Harbor area (excluding the EARS), a sufficient number of City personnel must be transferred that can effectively manage the remaining direct services of the department. An estimate of the number of department staff that work for the benefit of the Harbor area can be made based on the proportion of workload or demand for the services in the Harbor area.

For fiscal year 2000-01 the Department of Aging has budgeted 48 positions, all of which are located in City office space at 2404 Wilshire Boulevard in the City of Los Angeles. The department is organized into four divisions (excluding Management). The table below summarizes the primary functions of each division.



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## DEPARTMENT OF AGING INTERNAL DIVISION FUNCTIONS

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| <u>Division</u>                                                          | <u>Function</u>                                                                                         |
|--------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| Management                                                               | Fiscal and personnel administration; program planning.                                                  |
| Planning, Public Affairs, Community Education & Outreach Division        | Contractor selection; analysis of State legislation; State reporting.                                   |
| Contract Development, Program Management & Technical Assistance Division | Develops and monitors contracts with non-profits; compliance with federal, state, and city regulations. |
| Administrative & Financial Support Services Division                     | Administers grants and departmental operations.                                                         |
| Direct Services Division                                                 | Provides information to seniors; operates EARS program; Senior Employment Program.                      |

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Based upon an analysis of the functions of each division, position descriptions, and workload indicators, an estimate of the proportion of each departmental division providing service to the Harbor area can be made.

The number of department personnel within the Planning, Public Affairs, Community Education & Outreach Division; Contract Development, Program Management & Technical Assistance Division; and Direct Services Division that work for the benefit of the Harbor area are estimated using a City Funding Formula (CFF). The CFF is used to allocate OAA funds to the ASAs in the City and appears to reflect the service needs of seniors. The CFF applies a 20 percent weight to the number of seniors age 60 or above, a 30 percent weight to the number of frail seniors (those 65 or older needing mobility assistance), a 25 percent weight to the number of low income seniors (60 or above at or below the federal poverty line), and a 25 percent weight to the number of seniors that are minorities.<sup>12</sup> Since 1987, the CFF has been used to ensure the City meets the OAA mandate that funding distribution match the number of seniors within each ASA. Based on the demographic profile of the Harbor area, 4.21% of OAA funds are allocated using the CFF. This percentage is used to estimate the number of personnel in the Planning, Contract Development, and Direct Services Divisions that provide services for the benefit of the Harbor area.

The proportion of the Management Division and Administrative & Financial Support Services Division that would transfer to the Harbor City is based on the percentage of total department employees transferred.

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<sup>12</sup> City of Los Angeles, 2000-2001 Update to the 1997-2001 Planning and Service Area Plan, p. 71.



**DEPARTMENT OF AGING  
ALLOCATION OF WORKLOAD AND PERSONNEL**

| <u>Division</u>                                                                | <u>Allocation Method</u> | <u>Positions</u> | <u>Funded<br/>Off-Budget</u> | <u>Harbor<br/>Allocation</u> |
|--------------------------------------------------------------------------------|--------------------------|------------------|------------------------------|------------------------------|
| Management                                                                     | Proportion of employees  | 4                |                              | 0                            |
| Planning, Public Affairs, Community<br>Education & Outreach Division           | City Funding Formula     | 8                |                              | *                            |
| Contract Development, Program<br>Management & Technical Assistance<br>Division | City Funding Formula     | 11               |                              | 1                            |
| Administrative & Financial Support Services<br>Division                        | Proportion of employees  | 18               |                              | 1                            |
| Direct Services Division                                                       | City Funding Formula     | 7                | 4                            | *                            |
| Total                                                                          |                          | 48               | 4                            | 2                            |

\* Because the application of the CFF to each division would result in an allocation of less than one position, the CFF has been applied to Planning, Contract Development, and Direct Services Divisions combined.

Based on this analysis, 2, or 4.17% of the department staff is assumed to transfer to the proposed Harbor City in fiscal year 2003-04.

Given that the skill level, training, and experience is not uniform among all department staff, an analysis of the current positions by the department must be undertaken to ensure qualified staff are both transferred to the new Harbor City and retained by the City of Los Angeles. As of fiscal year 2000-01, the department staff included 35 analyst and accounting positions, 9 administrative positions, and 4 positions that, based on the City's description of positions, could be characterized as specialists.

Based upon a review of the position descriptions within the department, the work performed by the analyst and accounting positions varies among a wide range of services, including the servicing, monitoring, and evaluation of programs, grants, and contracts. However, the analytical work and auditing functions do not require professional certifications and could arguably be performed by each of the analytical and accounting staff, given a sufficient level of training. Therefore, one of the analytical and accounting positions could be expected to transfer to the Harbor City without regard to their current assignment or tasks performed.



**DEPARTMENT OF AGING  
COMPOSITION OF STAFF, FISCAL YEAR 2000-01**

| <u>Division</u>                                                                   | <u>Total<br/>Positions</u> | <u>Professional/Technical</u> |             | <u>Administrative/Support</u> |             | <u>Specialists</u> |                    |
|-----------------------------------------------------------------------------------|----------------------------|-------------------------------|-------------|-------------------------------|-------------|--------------------|--------------------|
|                                                                                   |                            | <u>No.</u>                    | <u>Type</u> | <u>No.</u>                    | <u>Type</u> | <u>No.</u>         | <u>Type</u>        |
| Management                                                                        | 4                          |                               |             | 2                             | Secretary   | 2                  | Manager            |
| Planning, Public Affairs,<br>Community Education &<br>Outreach Division           | 8                          | 7                             | Analyst     | 1                             | Clerk       |                    |                    |
| Contract Development,<br>Program Management &<br>Technical Assistance<br>Division | 11                         | 8                             | Analyst     | 2                             | Clerk       | 1                  | Nutritionist       |
| Administrative & Financial<br>Support Services<br>Division                        | 18                         | 6                             | Analyst     | 3                             | Clerk       | 1                  | Systems<br>analyst |
|                                                                                   |                            | 8                             | Accountant  |                               |             |                    |                    |
| Direct Services Division                                                          | 7                          | 6                             | Analyst     | 1                             | Clerk       |                    |                    |
| Total                                                                             | 48                         | 35                            |             | 9                             |             | 4                  |                    |
| Percent of Total                                                                  | --                         | 72.9%                         |             | 18.8%                         |             | 8.3%               |                    |

No specialized department staffing have been identified that, upon apportionment from the City, would leave the City unable to provide a comparable level of service in other areas of the City. The department currently employs a nutritionist responsible for monitoring the department's nutrition programs. However, this position does not appear to be a mandate of any State or federal agency, or contingent upon the receipt of funds, and the Harbor City could provide existing services without the transfer of such a position. Therefore, the transfer of 2 positions to the new Harbor City would not be expected to cause a significant disruption of service in the remaining City.

Transfer of Equipment and Facilities

Excluding any office space and basic office equipment needed to perform the administrative functions transferred to the Harbor City, no department-specific, specialized equipment or assets have been identified that would be required for the Harbor City.

Transition of Service to New City

The service provided by the department does not appear to be significantly integrated with municipal services provided by other City departments. The department does administer certain transit services that are funded by Proposition A local transportation taxes that, to some extent, must be coordinated with the City's Department of Transportation. However, a transfer of elderly paratransit service to a proposed Harbor City would not be expected to require a substantial level of effort.

The 2 positions that would be transferred to the Harbor City could be relocated at a new Harbor City work location and be expected to begin work once the administrative infrastructure (e.g., payroll, accounting, and information systems) is operational. As discussed in section "Harbor City Start-Up Costs," it is estimated that the development of the required administrative infrastructure would occur within an 8-month period.

**Projected Expenditures**

The assumption of these services by a Harbor City is estimated to require the transfer of 2 department staff to the new Harbor City. The expected salary cost for the new department is estimated based on the proportion of employees transferred as of the fiscal year 2000-01 Budget. The City of Los Angeles does not expect any significant changes to its staffing level during the planning period, or any substantial changes to the level of service provided. Therefore staffing for the new Harbor City department is projected at 2 positions beginning in fiscal year 2003-04.



### Contractual Services

For most of the programs supported by grant funds, the Aging department, under the control of the City, relies substantially on non-profit agencies and community-based organizations to provide direct services to the City. In fiscal year 2003-04, when the new Harbor City is expected to obtain OAA and OCA funding, it is assumed that the Harbor City would retain control of the contractual services provided in the Harbor area.

### **Projected Revenues**

The City has historically funded the costs associated with department staff and related expenses from the City's General Fund, and from OAA and other grants. In addition to City expenses, the department has administered the expenditure of grant funding for aging department programs performed through contractual service. The table below shows the budgeted amount of funding by source for fiscal year 2000-01.

| <b>DEPARTMENT OF AGING<br/>SOURCE OF FUNDS</b> |                           |
|------------------------------------------------|---------------------------|
| <u>Source of Funds</u>                         | <u>2000-01<br/>Budget</u> |
| City Expenditures:                             |                           |
| General Fund                                   | \$ 1,057,029              |
| Community Development Trust Fund               | 277,275                   |
| Older Americans Act Fund                       | 1,284,541                 |
| Proposition A Local Transit Fund               | 290,047                   |
| AB 2800 Senior Services Grant                  | 83,214                    |
| Total City Expenditures                        | \$ 2,992,106              |

As shown in the "Source of Funds" table above, the primary source of funding for City expenditures is the OAA, which funds \$1.284 million, or 43% of total city expenditures in fiscal year 2000-01. It has been assumed in this analysis that the Harbor City would be able to apply for and receive OAA funds from the state, or receive funds from the County of Los Angeles beginning in fiscal year 2003-04. The amount of OAA funding to be received by the Harbor City is estimated by applying the City Funding Formula attributable to the Harbor area (4.21%) to the total projected amount of OAA funds available citywide.

The department has also budgeted revenue from the community development block grant, which is deposited into the "Community Development Trust Fund" by the City. It is estimated that the Harbor City would receive 4% of the block grant funds currently received by the City. The community development block grant and future allocation to the Harbor City is discussed in section "- Community Development Department."

As a newly incorporated city, the Harbor City would receive Proposition A sales tax revenue and could utilize these funds to support its aging-related services. For example, Harbor City expenditures for paratransit service could be eligible for funding from Proposition A sales tax revenue in the Harbor area. It is assumed in this analysis that the Harbor City would utilize Proposition A funding in a manner and amount proportional to the City of Los Angeles.

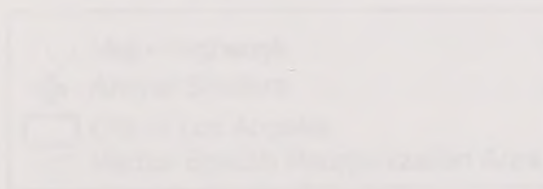
The City currently collects "departmental receipts," or fees for services provided by the department. These General Fund Departmental Receipts are summarized in the table below.



**DEPARTMENT OF AGING  
GENERAL FUND DEPARTMENTAL RECEIPTS**

| <u>Revenue Source</u>          | <u>2000-01<br/>Budget</u> |
|--------------------------------|---------------------------|
| Miscellaneous Revenues         | \$ 675                    |
| Reimbursement from other Funds | 196,468                   |
| <b>Total Aging</b>             | <b>\$ 197,143</b>         |

The new Harbor area would also generate fees for service provided by its new Harbor City department, which would be contributed to a new city's general fund. The amount of the General Fund Departmental Receipts that are currently generated by the Harbor area, as well as other general fund receipts that would be contributed to the Harbor City general fund, are discussed in section "Transfer of Revenue."





### **Animal Services**

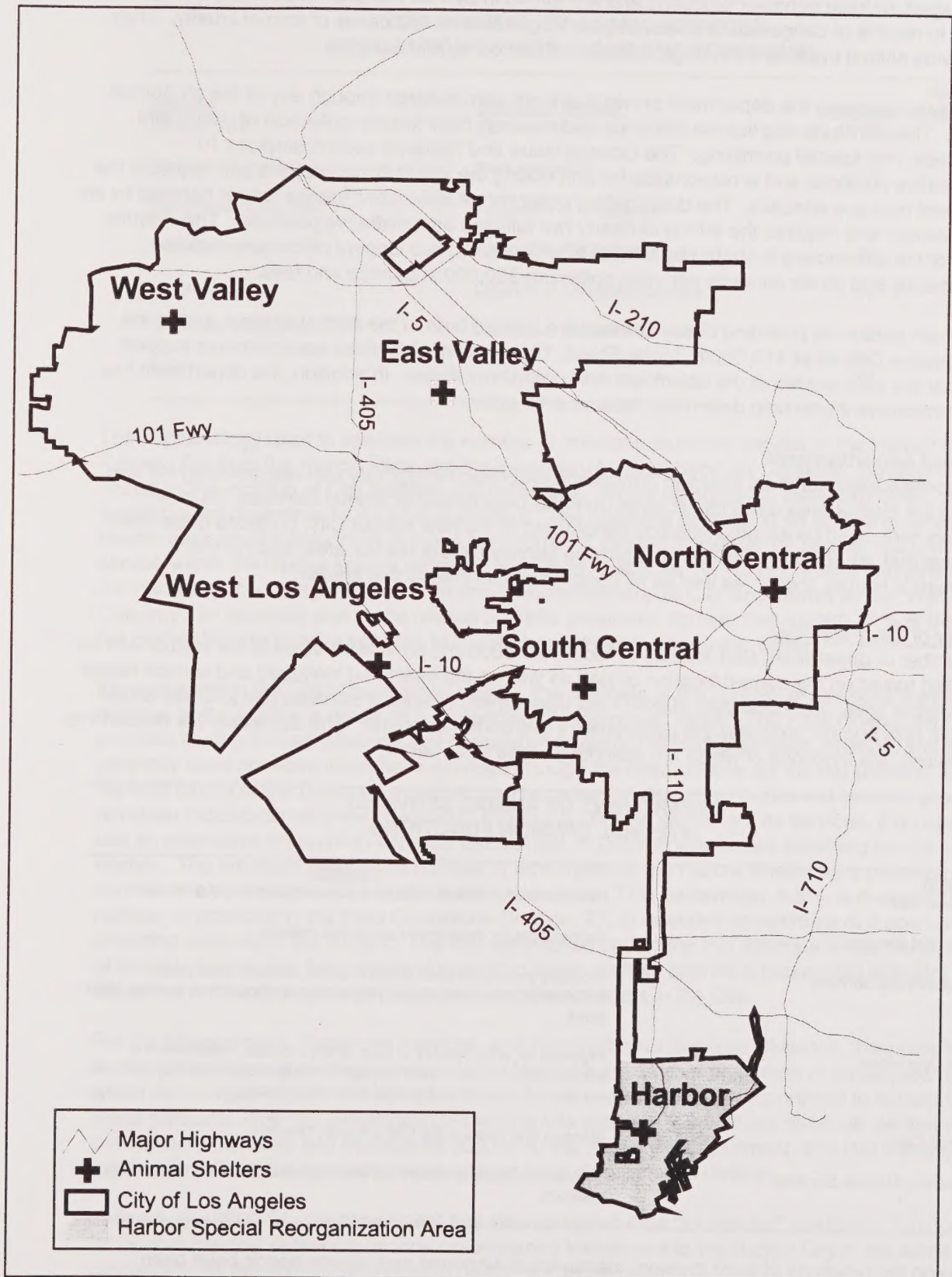
The Department of Animal Services enforces all laws and ordinances regulating the care, custody, control, and prevention of cruelty to animals within the City. In carrying out these functions, the department operates and maintains animal shelters, issues permits, and conducts inspections for the operation of animal establishments. It also issues dog and equine licenses, participates in the County's rabies control program, offers educational services, and conducts administrative hearings to resolve problems concerning dangerous animals and dogs that bark excessively.

### **Distribution of Service within City**

The department provides a majority of its direct services through six animal shelters located throughout the City of Los Angeles. One of these shelters, the Harbor Animal Care and Control Center ("Harbor Shelter"), is within the boundaries of the Harbor special reorganization area. The Harbor Shelter is in San Pedro and serves all or part of 10 zip codes. A map identifying the location of each animal shelter is provided below.



# City of Los Angeles Animal Shelters





Each of the department's six animal shelters manages pet adoption and veterinary services that include the treatment for sick, injured or stray animals. The shelters care for pets that are sick, injured, aged, or have behavior problems and are turned in by their owners. In addition, the shelters respond to reports of dangerous animals, dog barking problems and cases of animal cruelty. They also provide animal traps for cats, dogs, opossums, raccoons, and squirrels.

Several direct services the department provides are not administered through any of the six animal shelters. These include dog license issuance and renewal, door-to-door collection of delinquent license fees, and special permitting. The License Issue and Renewal section employs 10 administrative positions and is responsible for processing the 250,000 transactions and requests the department receives annually. The door-to-door collection of delinquent license fees is handled by an outside vendor and requires the efforts of nearly two full-time administrative positions. The Permits Section of the department is staffed by one full time Senior Animal Control officer and makes approximately 900 public contacts per year, collecting \$50,000 in permits and fees.

Department personnel providing direct services are located both at the animal shelters and at the Administrative Offices at 419 South Spring Street. The department's direct administrative support personnel are also located at the downtown Administrative Offices. In addition, the department has five commissioners who help determine departmental policy.

### **Proposed Apportionment**

The proposed apportionment seeks to provide the proposed Harbor City with responsibility for the services the Harbor area currently receives from the Department of Animal Services. Such an apportionment could be accomplished by transferring to the new Harbor City: (1) those department personnel that, as of fiscal year 2000-01, provide services to the Harbor area; and (2) the department's Harbor shelter, as well as all equipment assigned to that shelter.

### **Transfer of City Personnel**

The number of department staff that, as of fiscal year 2000-01, provide services to the Harbor can be estimated based on the current location of staff as well as the estimated workload and service needs in the Harbor area. For fiscal year 2000-01 the Department of Animal Services has 242 authorized positions (this number excludes the department's five commissioners). The department is divided into six divisions, the functions of which are described in the table below.

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## **DEPARTMENT OF ANIMAL SERVICES INTERNAL DIVISION FUNCTIONS**

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| <u>Division</u>             | <u>Function</u>                                                                                                                                                                    |
|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Management                  | Responsible for overall department management and oversight.                                                                                                                       |
| Personnel Services          | Responsible for department personnel matters.                                                                                                                                      |
| Administrative Services     | Provides secretarial and clerical support, disseminates public information, oversees budget preparation, and performs several other tasks.                                         |
| Field Operations            | Provides for enforcement of laws relative to care, treatment and impoundment of animals, investigates nuisances created by animals, conducts inspections of animal establishments. |
| Animal Care                 | Manage and operate the City's Animal Shelters.                                                                                                                                     |
| Veterinary Medical Services | Provide professional veterinary medical services to animals in City shelters.                                                                                                      |

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Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Harbor. As shown in the table below, it is estimated that a total of 20 positions currently



provide service to the Harbor. A special reorganization would thus result in 20 positions, or roughly 8.3% of the department's current staff, being transferred to the new Harbor City.

**DEPARTMENT OF ANIMAL SERVICES  
ALLOCATION OF WORKLOAD AND PERSONNEL**

| <u>Division</u>             | <u>Allocation Method</u>         | <u>Positions</u> | <u>Harbor Allocation</u> |
|-----------------------------|----------------------------------|------------------|--------------------------|
| Management                  | Staff availability               | 6                | 1                        |
| Personnel Services          | Staff availability               | 4                | 0                        |
| Administrative Services     | Proportion of employees          | 26               | 2                        |
| Field Operations            | Proportion of employees          | 27               | 2                        |
| Animal Care                 | Location of personnel/facilities | 152              | 13                       |
| Veterinary Medical Services | Location of personnel/facilities | 27               | 2                        |
| Total                       |                                  | 242              | 20                       |

The methodology used to estimate the number of positions providing service to the Harbor is as follows. For both the Animal Care and the Veterinary Medical Services Divisions, the estimate is based on the location of City facilities and personnel. All the personnel in these two divisions are located at the department's six animal shelters. The positions deemed to be providing services to the Harbor area are the proportion of those staff currently located at the Harbor Shelter that provide service within the Harbor special reorganization area. Because the Harbor Shelter's extends beyond the Harbor special reorganization area and includes the strip of City land known as the "Harbor Gateway", an estimate was made (based on 1998 population figures) that roughly 81% of the staff at the Harbor Shelter provide services to the Harbor special reorganization area.

For personnel in the Field Operations Division, the estimate of the number of positions providing services to the Harbor is made on a "proportion of employees" basis. The Field Operations Division provides its dog license issuance and renewal and special permitting services citywide, and it generally does not administer these services through the department's six animal shelters. Due to the citywide nature of the Division's services, and because the department does not compile geographic workload indicators that show specifically where the Division carries out its services, it is necessary to use an alternative measure to estimate the number of Division employees providing services to the Harbor. The measure used is the number of employees at the Harbor Shelter as a percentage of the number of employees located at all six animal shelters. This percentage, 8.5%, is multiplied by the number of positions in the Field Operations Division, 27, to calculate an estimate of 2 positions providing services to the Harbor. The key assumption underlying this estimate is that the distribution of animal shelters and the personnel located in these shelters provide a reasonable indicator of the department-wide deployment of resources to different areas in the City.

For the Management, Personnel Services, and Administrative Services Divisions, the estimate of the number of positions providing services to the Harbor is made on a proportion of employees basis, in which the number of staff transferred in these divisions would remain proportional to current staffing in these divisions. The key assumption underlying this estimate is that these divisions' personnel provide administrative and managerial support to the rest of the department, and that these support services are distributed proportionately across each departmental division.

In fiscal year 2000-01, the department has also budgeted for 4 "as needed" positions. A proportional amount of the cost of these positions are assumed transferred to the Harbor City in the same percentage as the number of budgeted positions transferred.



### Sufficiency of Staff Transferred to Harbor and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Department of Animal Services do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, were a special reorganization to occur, a sufficient number of qualified positions would be transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the department's 242 budgeted positions, roughly 77% are professional/technical, 20% are administrative/support, and 3% are, based on the City's description of positions, best characterized as specialists. To achieve a roughly similar mix of skills and experience among department staff in the new Harbor City, the transfer of the 20 positions estimated to be providing services to the Harbor would consist of the following categories of personnel: 15 professional/technical, 4 administrative/support, and 1 specialist.

#### **DEPARTMENT OF ANIMAL SERVICES COMPOSITION OF STAFF, FISCAL YEAR 2000-01**

| <u>Division</u>                   | <u>Total<br/>Positions</u> | <u>Professional/Technical</u> |              | <u>Administrative/Support</u> |             | <u>Specialists</u> |              |
|-----------------------------------|----------------------------|-------------------------------|--------------|-------------------------------|-------------|--------------------|--------------|
|                                   |                            | <u>No.</u>                    | <u>Type</u>  | <u>No.</u>                    | <u>Type</u> | <u>No.</u>         | <u>Type</u>  |
| Management                        | 6                          | 1                             | Analyst      | 1                             | Clerk       | 1                  | G. Manager   |
|                                   |                            | 1                             | Director     | 2                             | Secretary   |                    |              |
| Personnel<br>Services             | 4                          | 2                             | Analyst      | 1                             | Clerk       |                    |              |
|                                   |                            |                               |              | 1                             | Secretary   |                    |              |
| Administrative<br>Services        | 26                         | 8                             | Analyst      | 14                            | Clerk       |                    |              |
|                                   |                            | 1                             | Coordinator  |                               |             |                    |              |
|                                   |                            | 2                             | Accountant   |                               |             |                    |              |
|                                   |                            | 1                             | Officer*     |                               |             |                    |              |
| Field<br>Operations               | 27                         | 4                             | Analyst      | 3                             | Clerk       | 1                  | Director     |
|                                   |                            | 19                            | Officer*     |                               |             |                    |              |
| Animal Care                       | 152                        | 66                            | Officer*     | 26                            | Clerk       | 1                  | Veterinarian |
|                                   |                            | 58                            | Technician** |                               |             |                    |              |
| Veterinary<br>Medical<br>Services | 27                         | 23                            | Vet. Asst.   |                               |             | 4                  | Veterinarian |
| Total                             | 242                        | 186                           |              | 48                            |             | 7                  |              |
| Percent of<br>Total               | --                         | 77.2%                         |              | 19.9%                         |             | 2.9%               |              |

\* "Officer" refers to Animal Control Officer

\*\* "Technician" refers to Animal Care Technician

Given its current mix of position categories, the department appears to contain sufficient staff at all job classifications to allow for such a transfer without significantly burdening the City. The only employee category with relatively few staff is senior level management in the "specialist" category. It is assumed, however, that the necessary senior management – specifically, an additional General Manager and Director of Field Operations – can be supplied from within the department's current staff to ensure that both the Harbor City and the City of Los Angeles have the management resources necessary to provide a sufficient level of service.

### Transfer of Equipment and Facilities

As proposed, the special reorganization would result in a transfer to the Harbor City of the one animal shelter located in the Harbor area, the Harbor Animal Care and Control Center. A description of this shelter is provided in the table below.



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**DEPARTMENT OF ANIMAL SERVICES  
ANIMAL SHELTER TRANSFERRED**

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| <u>Animal Shelter</u>                                                              | <u>Description</u>                                                                                    |
|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| Harbor Animal Care and Control Center<br>735 Battery Street<br>San Pedro, CA 90731 | Manage pet adoption, veterinary services,<br>provide vaccination and neutering/spaying of<br>animals. |

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**Transition of Service to New City**

It is assumed that each shelter is sufficiently staffed and equipped with supplies needed to provide all services performed by the department. It is assumed the City could transfer all required staffing necessary for the two shelters and functionally operate within a minimal 8-month timetable. An 8-month period would also be needed for the Harbor City to provide its own workspace for administrative support staff and for the start-up period associated with the initiation of payroll, accounting and information services.

**Projected Expenditures**

The special reorganization would result in the transfer of 20 positions to the new city. The expected salary cost for the new department is estimated based on the proportion of employees transferred as of the fiscal year 2000-01 Budget. The department does not expect any significant changes to its staffing level during the planning period, or any changes to the level of service provided.

Non-salary personnel and equipment expenditures are also estimated at the departmental average per budgeted employee.

**Contractual Services**

The department's only use of contractual service is for the collection of delinquent license fees. The fees are collected by door-to-door canvassing for approximately 17,000 new and renewal licenses per year. The fiscal year 2000-01 City of Los Angeles budget appropriates \$123,000 for contractual services. For the purposes of this analysis, it is assumed the new Harbor City would also contract for the collection of delinquent license fees. The amount of expenditures for the Harbor City contractual services is estimated at 8.3% of the fiscal year 2000-01 amount expended by the City, adjusted for inflation. The 8.3%, which represents the proportion of City staff located in the Harbor, is an estimate of the level of service needs in the Harbor.

**Projected Revenues**

The department has been historically funded entirely from the City's General Fund. It is assumed the Harbor City will also support its own departmental expenditures entirely with its general fund. No new revenue sources are assumed to be available for the department upon incorporation of the Harbor City.

The following table represents General Fund Departmental Receipts for the department. These fees and charges are assessed for services provided by the department and contributed to the City's General Fund.



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**DEPARTMENT OF ANIMAL SERVICES  
GENERAL FUND DEPARTMENTAL RECEIPTS**

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| <u>Revenue Source</u>             | <u>2000-01<br/>Budget</u> |
|-----------------------------------|---------------------------|
| Animal Licenses                   | \$ 2,257,556              |
| Other Licenses and Permits        | -                         |
| Other General Government Services | 1,722                     |
| Animal Shelter Fee and Charges    | 929,136                   |
| Miscellaneous Revenues            | -                         |
| <br>Total Animal Services         | <br>\$ 3,188,414          |

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The department is budgeted to receive approximately \$2.2 million in revenue from animal license fees in fiscal year 2000-01. As of fiscal year 1998-99, 7% of the department's animal license fee revenue was generated within the geographical boundaries of the Harbor district. In addition, the Harbor area could expect to receive 16.7% of the animal shelter fee and charges revenue, or approximately \$155,200 in fiscal year 2000-01 (1/6 of total revenue from 1 of 6 shelters). For the purposes of this report, it has been assumed that the amount of fiscal year 2000-01 revenue that would accrue to the Harbor City would be proportion to population, or 4.3% of the amount budgeted by the City. A detailed analysis of the geographical source of revenue contributed to the City's General Fund is provided in section "Transfer of Revenue."

The projection of expenditures and revenues of the department for the period beginning fiscal year 2002-03 through 2005-06 is provided in the cash flow supplement to this report.



### **Building and Safety**

The Department of Building and Safety regulates all building construction in the City. This includes conducting construction-related plan checks, issuing construction-related permits, and inspecting new and existing structures to ensure these structures comply with local and state laws. The department also conducts in-house staff training and ongoing testing of construction materials and devices.

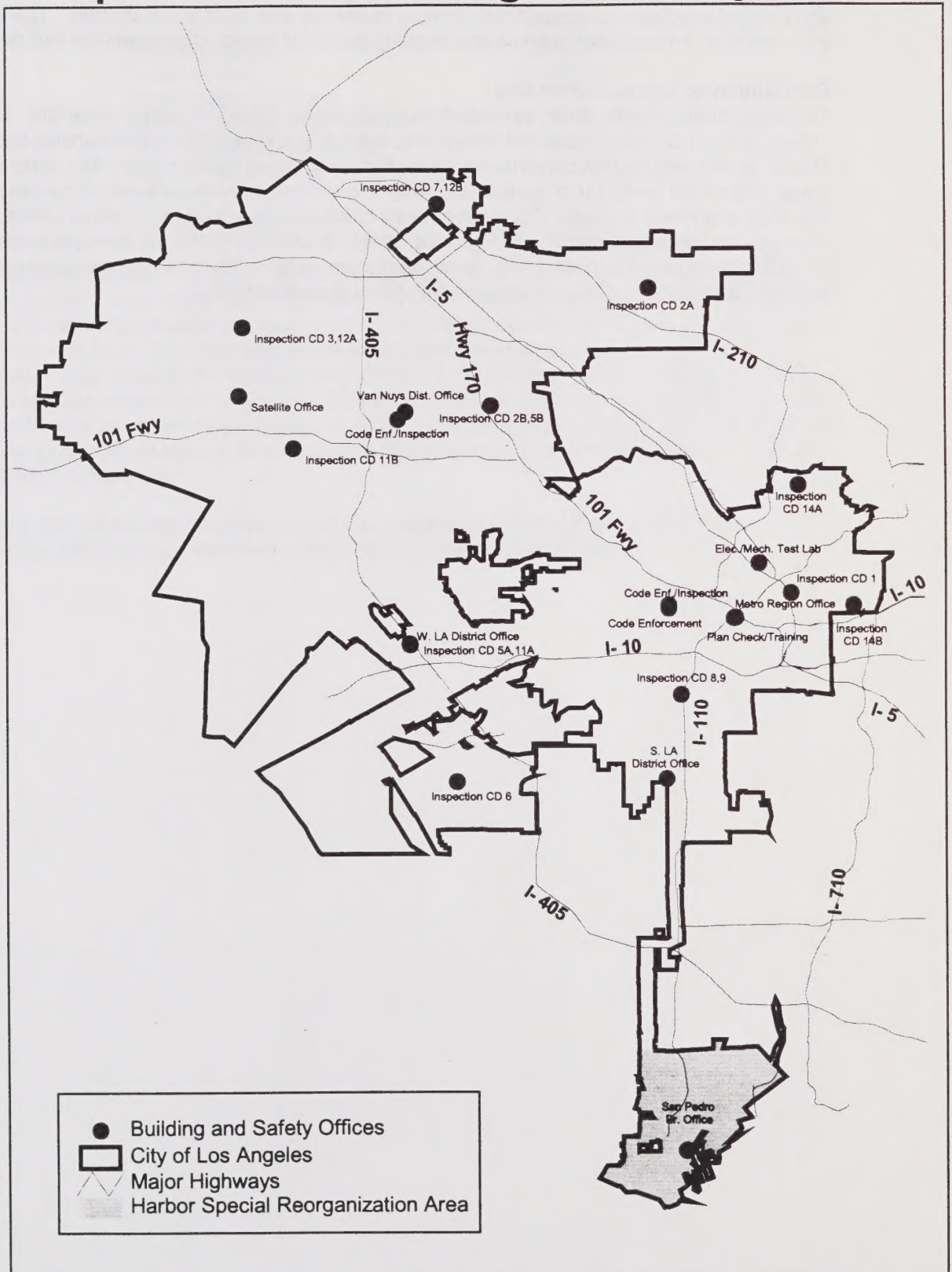
### **Distribution of Service within City**

The department provides direct services through 22 offices located throughout the City. Of these 22 offices, five are District Offices that are open to the public and provide comprehensive services; ten offices focus solely on new construction inspection; and the remaining offices offer various services depending on the particular office (see below for a complete list of department offices and the functions performed at each). The department's headquarters – the Metro District Office – is located in downtown Los Angeles at 201 N. Figueroa Street. In addition to offering comprehensive services to the public, the Metro District Office houses the department's centralized administrative and technical support personnel. A map of all department offices is provided below.



# City of Los Angeles

## Department of Building and Safety Offices





As of fiscal year 2000-01, one of the department's 22 offices, the San Pedro Branch Office, is within the boundaries of the proposed Harbor special reorganization area. This facility is described in greater detail in the "Proposed Apportionment" section below.

The department's activities can be divided into direct services provided to the public and indirect support services. The primary direct services include plan checking, issuing permits, and various inspection and code enforcement activities. The plan checking and permit issuance function involves department staff examining all construction-related plans: mechanical, plumbing, structural, electrical, fire/sprinkler, et al., for both residential and commercial buildings. According to department data for the period July 1998 through September 2000, roughly 5.0% of permits issued and 4.0% of plan checks were associated with projects located in the Harbor special reorganization area.<sup>13</sup>

The department's inspection function includes inspecting all construction activities to ensure compliance with local and state building codes. Inspection functions also include "code enforcement" activities such as responding to construction-related complaints, issuing citations, and responding to nuisances such as abandoned buildings and cars. According to department data for the period July 1998 thru September 2000, roughly 4.2% of inspections and 6.9% of case investigations were associated with projects located in the Harbor special reorganization area.<sup>14</sup>

Beyond the direct services discussed above, department personnel also perform internal technical and support functions often not performed in other City departments. The department maintains mechanical and electrical testing laboratories to test building materials and investigate new construction methods. Also, the department provides ongoing training for its engineers, inspectors, and management.

### **Proposed Apportionment**

The proposed apportionment seeks to provide the new Harbor City with responsibility for the services the Harbor area currently receives from the Department of Building and Safety. Such an apportionment could be accomplished by transferring to the new Harbor City: (1) those department staff that, as of fiscal year 2000-01, provide services to the Harbor; and (2) the one department facility located in the Harbor.

### **Transfer of City Personnel**

In order to estimate the number of department staff providing services in the Harbor area, a review of the differing functions and mandates of the department has been undertaken. The staffing attributable to the Harbor can be estimated based on the current location of staff as well as the potential demand for services provided in the Harbor.

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<sup>13</sup> The "permits issued" data consists of a sample from new construction permits issued. Between July 1998 and September 2000, a total of 16,386 of the 326,266 permits issued citywide were issued for Harbor projects. The types of permits include residential, structural, grading, earthquake, facilities, electrical, public safety, mechanical/plumbing, heating/refrigerator, fire/sprinkler, elevator, and pressure vessel permits. The "plan checks" consist of the regular, appointment, and public counter plan checks. Between July 1998 and September 2000, a total of 3,040 of the 75,182 plan checks conducted citywide were conducted for Harbor projects. The types of plan checks include express permit, structural, electrical, mechanical/plumbing, and grading.

<sup>14</sup> The "inspection" data consists of new construction inspections conducted. Between July 1998 and September 2000, a total of 46,775 of the 1,117,711 inspections carried out citywide were related to Harbor properties. The "case investigations" data consist of the cases managed by the department's Case Management Section. Between July 1998 and September 2000, a total of 87 of the 1,259 case investigations conducted citywide were related to Harbor properties.



## DEPARTMENT OF BUILDING AND SAFETY INTERNAL DIVISION FUNCTIONS

| <u>Division</u>                    | <u>Function</u>                                                                                                                                                                                        |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Management                         | Provides overall department management and oversight.                                                                                                                                                  |
| Government and Community Relations | Responsible for communication and coordination with other City departments; Coordinates Special Inspection Teams (SIT) to oversee economically significant projects.                                   |
| Development Services               | Responsible for checking mechanical, plumbing, fire/sprinkler, elevator, and electrical plans for compliance with City and State codes.                                                                |
| Resource Management                | Responsible for administrative support; Also coordinates special investigations, explains disabled access requirements to management, and coordinates the department's emergency preparedness efforts. |
| Engineering                        | Enforces building, grading, and zoning; Conducts license examinations and issues licenses for various construction trades.                                                                             |
| Inspection                         | Responsible for enforcement of Municipal Code requirements, and various special projects required by City Council actions.                                                                             |
| Code Enforcement                   | Enforces City's Building Code and land use regulations, focusing on nuisance abatement, problem properties, and investigating code violations on commercial and single family residential buildings.   |

Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Harbor. As shown in the table below, it is estimated that a total of 38 positions provide service to the Harbor. A special reorganization would therefore result in 38 positions, or roughly 4.6% of the department's staff, being transferred to the new Harbor City.

## DEPARTMENT OF BUILDING AND SAFETY ALLOCATION OF WORKLOAD AND PERSONNEL

| <u>Division</u>                  | <u>Allocation Method</u> | <u>Positions*</u> | <u>Harbor Allocation</u> |
|----------------------------------|--------------------------|-------------------|--------------------------|
| Management                       | Staff availability       | 5                 | 1                        |
| Government & Community Relations | Proportion of employees  | 4                 | 0                        |
| Development Services             | Location of workload     | 54                | 2                        |
| Resource Management              | Proportion of employees  | 136               | 6                        |
| Engineering                      | Location of workload     | 163               | 7                        |
| Inspection                       | Location of workload     | 286               | 12                       |
| Code Enforcement                 | Location of workload     | 171               | 10                       |
| <b>Total</b>                     |                          | <b>819</b>        | <b>38</b>                |

\* Number of positions per division based on the 2000-01 organization chart and excludes ten Commissioners. Discrepancies between the number of budgeted positions for fiscal year 2000-01 and the number of positions on the organization chart were reconciled to match the number of budgeted positions.

For four divisions – Development Services, Engineering, Inspection, and Code Enforcement – the estimate of the number of positions providing service to the Harbor is based on the location of workload. For Development Services and Engineering, the workload attributable to the Harbor was estimated by taking the unweighted average of the percentage of permits issued (5.0%) and plan



checks conducted (4.0%) on Harbor projects as a proportion of all such projects citywide. This average, 4.5%, was then applied to these divisions to estimate the proportion of staff providing services to the Harbor. For the Inspection division, the percentage of citywide inspection conducted on projects located in the Harbor (4.2%) was used to estimate the number of staff providing services to the Harbor. And finally, the proportion of employees in the Code Enforcement division providing services to the Harbor was estimated by applying the unweighted average of the percentage of citywide case investigations (6.9%) and code enforcement actions (4.7%) performed on Harbor projects.

For the department's remaining divisions – Management, Government & Community Relations, and Resource Management – the estimate of positions providing services to the Harbor is made based on the percentage of employees in all other divisions providing services the Harbor. The assumption underlying this estimate is that personnel in these divisions provide support services to the rest of the department, and that these support services are distributed proportionately across each departmental division

The department has also budgeted for 16 “as needed” Examiner positions. A proportional amount of the cost of these positions is assumed transferred to the Harbor City in the same percentage as the number of budgeted positions transferred.

#### Sufficiency of Staff Apportioned to Harbor and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Department of Building and Safety do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the department's 819 non-Commissioner positions, roughly 78.7% are professional/technical. The professional/technical positions consist of all the department's Engineers (e.g., mechanical, structural, geotechnical/geologist, electrical), Inspectors (e.g., building, electrical, plumbing, heating/refrigeration, fire/sprinkler), and Technicians. Also in the professional/technical category are Management Analysts, Accountants, Systems staff, and Personnel Analysts. The clerical/administrative category comprises 19.7% of department staff. It includes Typists, Secretaries, Stenographers, and other clerical staff. Finally, the specialist/management category comprises 1.6% of department staff. This category includes the Superintendent of Building and all Deputy and Assistant Deputy Superintendents. It also includes the Director of Systems.

To achieve, at least in percentage terms, a roughly similar mix of skills and experience among department staff in the new Harbor City, the 38 positions apportioned to the Harbor would consist of the following: 29 professional/technical, 8 clerical/administrative, and 1 specialist. Given its current mix of position categories, the department appears to contain sufficient staff in each category to allow for such a transfer without significantly burdening the City. The only employee category with relatively few staff is senior level management in the “specialist” category. It is assumed, however, that the necessary senior management – specifically, an additional Superintendent of Buildings and Director of Systems – can be supplied from within the department's current staff to ensure that both the Harbor City and the City of Los Angeles have the management resources necessary to provide a sufficient level of service. If these staff cannot be supplied from within the department, additional hiring may be required.



**DEPARTMENT OF BUILDING AND SAFETY  
COMPOSITION OF WORKFORCE**

| <u>Category</u>         | <u>Positions</u> | <u>Percent of</u> |
|-------------------------|------------------|-------------------|
|                         |                  | <u>Total</u>      |
| Professional/Technical  | 644              | 78.7%             |
| Clerical/Administrative | 162              | 19.7%             |
| Management/Specialists  | 13               | 1.6%              |
| Total                   | 819              |                   |

**Transfer of Equipment and Facilities**

The proposed apportionment would include the transfer of department facilities currently located within the boundaries of the Harbor special reorganization area. As of fiscal year 2000-01, one of the department's 22 offices is located in the Harbor. This facility, and the services it performs, is listed in the table below.

**DEPARTMENT OF BUILDING AND SAFETY  
FACILITIES LOCATED IN THE HARBOR AS OF FISCAL YEAR 2000-01**

| <u>Facility</u>         | <u>Address</u>                     | <u>Services Performed at Facility</u>                    |
|-------------------------|------------------------------------|----------------------------------------------------------|
| San Pedro Branch Office | 638 Beacon Street, San Pedro 90731 | Over-the-counter plan check, New construction inspection |

It is assumed that a special reorganization would result in this facility being transferred to the new Harbor City.

**Transition of Service to New City**

It is assumed the City could transfer all required staffing necessary for the 8 offices and functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

**Projected Expenditures**

The department's projected expenditures for fiscal year 2000-01 are roughly \$56.7 million. As shown in the table below, the majority of department expenditures (roughly 89%) are for staff salaries.

**CITY OF LOS ANGELES – DEPARTMENT OF  
BUILDING AND SAFETY  
USES OF FUNDS**

| <u>Uses of Funds</u>      | <u>2000-01<br/>Budget</u> |
|---------------------------|---------------------------|
| Expenditures:             |                           |
| Salaries                  | \$ 50,388,645             |
| Expenses                  | 3,333,324                 |
| Equipment                 | 232,524                   |
| Interdepartmental Charges | 2,767,725                 |
| Total Expenditures        | \$ 56,722,218             |



In estimating expenditures for the Department of Building and Safety in the new Harbor City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, it is assumed that a Harbor City Department of Building and Safety Department would require 38 positions throughout the entire planning period. With respect to the cost of providing services, the expected salary, expense, and equipment cost for the new department is estimated in proportion to the number of employees transferred as of the fiscal year 2000-01 budget.

#### Contractual Services

The department's fiscal year 2000-01 budget for contractual services is \$891,720. The department purchases contractual services for fencing and parking validation. It is assumed that the new Harbor City will require similar contract services, and that the cost of these services can be estimated based on the proportion of department staff providing services to the Harbor (4.6%, as calculated above).

#### **Projected Revenues**

The ability of the new Harbor City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Department of Building and Safety in the new Harbor City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the department are transferable to the Harbor.

The City of Los Angeles has historically funded the department primarily from the General Fund, but has also relied on several other sources of funds. The table below shows the department's sources of funds for fiscal year 2000-01.

| <b>CITY OF LOS ANGELES – DEPARTMENT OF BUILDING<br/>AND SAFETY<br/>SOURCES OF FUNDS</b> |                                  |
|-----------------------------------------------------------------------------------------|----------------------------------|
| <b><u>Sources of Funds</u></b>                                                          | <b><u>2000-01<br/>Budget</u></b> |
| City Funds:                                                                             |                                  |
| General Fund                                                                            | \$ 55,610,683                    |
| B & S Electrical/Mechanical Test Lab Fund                                               | 23,107                           |
| Home Occupation Trust Fund                                                              | 161,889                          |
| B & S Systems Development Fund                                                          | 926,539                          |
| <b>Total</b>                                                                            | <b>\$ 56,722,218</b>             |

It is assumed that each of the revenue sources above could be transferred to the new Harbor City based on the percentages and allocation methods shown in Appendix II.

Another element of the new Harbor City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Department of Building and Safety for fiscal year 2000-01. The Building and Safety Department in the new Harbor City would similarly generate fees for services it provides, and these fees would be contributed to the Harbor City's general fund. It is therefore assumed that these revenues could be transferred to the new Harbor City based on the percentages shown in Table R-6 in Appendix II.



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**DEPARTMENT OF BUILDING AND SAFETY  
GENERAL FUND DEPARTMENTAL RECEIPTS**

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| <u>Revenue Source</u>                           | <u>2000-01<br/>Budget</u> |
|-------------------------------------------------|---------------------------|
| Construction Permits                            | \$ 19,982,219             |
| Other Licenses and Permits                      | 500,246                   |
| State Mandated Program Reimbursement            | 25,000                    |
| Special Building and Safety Services            | 2,371,399                 |
| Zoning Fee and Subdivision Fee                  | 0                         |
| Other Government Services                       | 6,656                     |
| Plan Checking Fees                              | 21,293,817                |
| Engineering Fees, Inspection and Other Services | 23,341,119                |
| Rent Stabilization Revenue                      | 0                         |
| Miscellaneous Revenues                          | 10,000                    |
| Reimbursement from Other Funds                  | 482,957                   |
| Reimbursement – Grant Receipts                  | 0                         |
| <br>Total Building and Safety                   | <br>\$ 68,013,413         |

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### **City Attorney**

The City Attorney is the legal advisor to the City of Los Angeles and the Council and represents the City in all civil trials and legal proceedings. The City Attorney assists in developing contracts for City transactions and prosecutes all misdemeanors occurring in the City.

### **Distribution of Service within City**

The City Attorney's office serves the residents of the City directly by prosecuting misdemeanor crimes in the City. The department also supports the City acting as its general counsel. This support function includes representing the City in civil litigation, providing legal counsel for City transactions, and interpreting state and federal laws and regulations.

Criminal prosecutorial services of the department are headquartered at City Hall East. However, a majority of the City's prosecutors and support staff is located at 7 regional offices located at Superior Courts. One such regional office is located in the Harbor area (638 S. Beacon Street, San Pedro). All of the criminal section's "quality of life" programs are administered from downtown offices, with the exception of the Citywide Nuisance Abatement Program (operated from West Los Angeles) and one of the Victim Assistance Program offices located in North Hollywood.

Most department staff members that perform the department's civil and legal support functions, as well as internal administrative services, are located at City Hall East. Staff members providing certain specialized functions (e.g., Housing and Workers Compensation) are located at various downtown Los Angeles office locations. The department's support of the City propriety departments (Airport, Harbor, Water and Power, and CRA) is provided at the headquarters of the respective departments.

### **Proposed Apportionment**

Based on the applicant's proposal, the current services the City Attorney provides for the benefit of the Harbor area would be transferred to the new Harbor City as part of the proposed special reorganization. The number of City Attorney staff providing services to the Harbor can be estimated based on the current location of staff and on the potential service needs that exist in the Harbor area.

### **Transfer of City Personnel**

For fiscal year 2000-01 the City Attorney has 826 budgeted positions. The department has numerous internal divisions, and the functions of these divisions are summarized in the table below.



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## CITY ATTORNEY INTERNAL DIVISION FUNCTIONS

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| <u>Division</u>             | <u>Function</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Civil Branch</b>         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Airport                     | Fully supported by airports and performs all aspects of the law including contracts, anti-trust, bankruptcy and environmental law.                                                                                                                                                                                                                                                                                                                                   |
| Financial Services          | Handles revenue and taxation matters, legal issues involving bonds and insurance, and serves as the legal advisor to the city controller, city treasurer and city budget planners.                                                                                                                                                                                                                                                                                   |
| General Counsel             | Handles negotiating and drafting contracts, serving as legal counsel to city departments and commissions. Handles election, lobbying, conflict of interest, government ethics, and campaign disclosure matters. The Legal Services section gives legal assistance to the Mayor's Office and City Council. The section also prepares ordinances amending the City's municipal and administrative codes and responds to citizen and agency queries on related matters. |
| Harbor                      | Represents the Port of L.A. and appears before federal and state agencies on contracts, insurance, admiralty, and administrative law matters.                                                                                                                                                                                                                                                                                                                        |
| Housing & Community         | Handles commercial and residential development matters involving public funding, is the legal advisor to the city Rent Stabilization Office, and handles issues involving job training and human services.                                                                                                                                                                                                                                                           |
| Labor Relations             | Advises and represents in litigation most of the City government in employee relations matters.                                                                                                                                                                                                                                                                                                                                                                      |
| Land Use                    | Is responsible for planning, zoning, building and safety, Coast Act matters, subdivision and parcel maps, the no-smoking statute, relocation assistance, and rent control areas of the law.                                                                                                                                                                                                                                                                          |
| Real Property & Environment | Deals with environment issues affecting the City, property condemnation, purchases, and sales.                                                                                                                                                                                                                                                                                                                                                                       |
| Redevelop. & Housing        | Provides legal counsel to the CRA and Housing Authority.                                                                                                                                                                                                                                                                                                                                                                                                             |
| Civil Liability             | Handles lawsuits against the City for personal injury or property damage.                                                                                                                                                                                                                                                                                                                                                                                            |
| Police                      | Provides legal services to the LAPD.                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Special Litigation          | Handles complex litigation and appellate work.                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Water & Power               | Handles such issues as groundwater plumbing, water rights, and other litigation to provide and conserve water for the City. Also handles matters on environmental law and regulatory law matters. Funded entirely by DWP.                                                                                                                                                                                                                                            |
| Worker's Compensation       | Deals with all workers' compensation matters involving the city workforce.                                                                                                                                                                                                                                                                                                                                                                                           |
| Retirement Services         | Provides legal counsel to the Fire and Police Pension system and the City Employee's Retirement System.                                                                                                                                                                                                                                                                                                                                                              |
| <b>Criminal</b>             | Focuses on enforcing the laws for the common good of the community and handles all misdemeanor cases in the City. There are specialized units for nuisance abatement, domestic violence, victim assistance, and gang-related cases.                                                                                                                                                                                                                                  |
| <b>Special Operations</b>   | Engages in specialized enforcement in areas of housing enforcement, consumer protection, environmental protection, governmental law and enforcement, AIDS/HIV discrimination, and tobacco enforcement.                                                                                                                                                                                                                                                               |

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Based on the functions of each division, measures of workload and service needs have been identified that can be used to estimate the proportion of each departmental division providing service to the Harbor. As shown in the table below, it is estimated that a total of 27 position currently provide services to the Harbor. A special reorganization would thus result in 27 positions, or roughly 3.3% of the department's current staff, being transferred to the new Harbor City.



**CITY ATTORNEY  
ALLOCATION OF WORKLOAD AND PERSONNEL**

| <u>Division</u>                        | <u>Allocation Method</u>                      | <u>Positions</u> | <u>Harbor<br/>Allocation</u> |
|----------------------------------------|-----------------------------------------------|------------------|------------------------------|
| <b>Office Mgmt. and Mgmt. Services</b> | Proportion of employees                       | 21               | 1                            |
| <b>Administrative Services</b>         | Proportion of employees                       | 32               | 1                            |
| <b>Civil Representation</b>            |                                               | -                |                              |
| Airport Division                       | Staff not transferred                         | 18               | 0                            |
| Financial Services Division            | Population in proposed city                   | 27               | 1                            |
| General Counsel Division               | Proportion of citywide employees              | 16               | 1                            |
| Harbor Division                        | Staff not transferred                         | 13               | 0                            |
| Housing & Community Services Division  | Population in proposed city                   | 17               | 1                            |
| Labor Relations Division               | Proportion of citywide employees              | 9                | 0                            |
| Land Use/Real Property Division        | Population in proposed city                   | 36               | 1                            |
| Redevelopment & Housing Division       | Proportion of redevelopment acreage in Harbor | 11               | 0                            |
| Retirement & Benefits Division         | Proportion of citywide employees              | 4                | 0                            |
| Civil Liability Division               | Population in proposed city                   | 61               | 2                            |
| Police Division                        | Proportion of Police Dept. staff transferred. | 67               | 2                            |
| Special Litigation Division            | Population in proposed city                   | 12               | 0                            |
| Water & Power Division                 | Staff not transferred                         | 82               | 0                            |
| Workers' Compensation Division         | Proportion of citywide employees              | 33               | 1                            |
| <b>Criminal Prosecutions</b>           |                                               | -                |                              |
| Criminal Operations                    |                                               | -                |                              |
| Hill Street Section                    | Location of employees                         | 32               | 0                            |
| Maria Elena Reyes Section              | Location of employees                         | 23               | 0                            |
| Central Trials Section                 | Location of employees                         | 60               | 0                            |
| Domestic Violence Section              | Population in proposed city                   | 28               | 1                            |
| Gang/COPE Unit                         | Proportion of projects located in new city.   | 23               | 1                            |
| West Los Angeles Office                | Location of employees                         | 23               | 0                            |
| San Pedro Office                       | Location of employees                         | 11               | 11                           |
| CNAP                                   | Proportion of housing stock                   | 36               | 1                            |
| Hollywood Office                       | Location of employees                         | 13               | 0                            |
| Van Nuys Office                        | Location of employees                         | 49               | 0                            |
| Victim Assistance Program              | Population in proposed city                   | 21               | 1                            |
| San Fernando Office                    | Location of employees                         | 11               | 0                            |
| Appellate Services                     | Proportion of total trial workload            | 6                | 0                            |
| Automation, Tech., Planning & Res.     | Proportion of Criminal Division staff         | 3                | 0                            |
| Special Operations                     | Population in proposed city                   | 28               | 1                            |
| <b>Department Total</b>                |                                               | <b>826</b>       | <b>27</b>                    |

The methodology used to estimate the number of positions providing service to the Harbor is as follows. For the Management and the Administrative Services divisions, the number of positions providing service to the Harbor is estimated based on the proportion of employees in all of the department's other divisions providing services to the Harbor. The rationale for this estimate is that staff in these divisions primarily support the activities of the department's other divisions.

The Civil Representation section is comprised of 14 divisions. For most of the divisions within this section, it is estimated staff serve the Harbor in proportion to population or the number of employees transferred.



The Financial Services, Housing & Community Services, Land Use & Real Property, and Special Litigation Divisions are apportioned using the proportion of population in the proposed Harbor City. The functions of each division deal with a breadth of policies and affect a wide cross-section of the population. For example, the Special Litigation Division handles criminal and civil matters in the areas of housing enforcement, consumer protection, environmental protection, governmental law and enforcement, AIDS/HIV discrimination, and tobacco enforcement. These divisions' diverse workloads make it reasonable to apportion staff based on the Harbor area's proportion of the City's overall population. Such an apportionment would result in one position being transferred to the new Harbor City from each division except the Special Litigation division, from which no staff would be transferred.

The General Counsel Division serves as legal counsel to the City's departments and commissions, negotiates contracts, and deals with telecommunications and public utilities litigation. The division also handles election, lobbying, conflict of interest, and governmental ethics and campaign disclosure matters. Given the division's focus on providing legal counsel to the City, it may be apportioned based on the proportion of City employees that would be transferred to a new Harbor City.

The Harbor Division provides counsel to the Port of Los Angeles. Given this report's assumption that the City of Los Angeles' Harbor Department will remain the operator of the Port, no staff from the department's Harbor Division would be transferred to the new Harbor City.

The Labor Relations Division advises and represents in litigation most of the City government. With its workload distributed across nearly all City departments, this division can be apportioned based on the proportion of City employees that would be transferred to a new Harbor City. Given, however, the division's relatively small number of staff, no positions would be transferred to the new Harbor City.

The Redevelopment and Housing Division is the legal counsel to the CRA and the Housing Authority. The CRA administers redevelopment projects and revitalization areas throughout the City, and the Housing Authority provides affordable housing primarily to low-income families. Given that both of these departments focus on low-income/distressed areas, staff are apportioned to the new Harbor City based on the proportion of CRA redevelopment and revitalization acreage located in the Harbor area. Given, however, that only roughly 1.6% of the acreage citywide that is part of a CRA redevelopment or revitalization area is located in the Harbor area, no positions from this division would be transferred to the new Harbor City.

The Retirement and Benefits Division provides legal counsel to the Fire and Police Pension System and City Employees' Retirement system. The division's workload is thus a function of the number of City employees and can be apportioned based on the proportion of City employees that would be transferred to a new Harbor City. Given, however, the division's relatively small number of staff, no positions would be transferred to the new Harbor City.

The Civil Liability Division handles all lawsuits against the City for personal injury or property damage. The division's workload is therefore a function of population and can be apportioned using the Harbor area's proportion of citywide population.

The Police Division provides legal services to the LAPD and can therefore be apportioned using the proportion of LAPD staff transferred to the new city as part of the special reorganization.

The Water and Power Division handles legal issues such as groundwater plumbing, water rights, and other litigation to provide and conserve water for the City. It also handles matters in environmental law and regulatory law matters before various energy commissions and agencies. Given this report's assumption that all functions related to water and power would remain within the City of Los Angeles, no staff from this division are apportioned to the new Harbor City.

The Workers' Compensation Division deals with all Workers' Compensation matters involving the City's workforce. Therefore, the workload of the division is a function of the number of City employees,



and it can be apportioned based on the proportion of City employees that would be transferred to a new Harbor City.

Unlike the Civil section, the Criminal section of the department has a workload that is more geographically based. Prosecution and other processing of criminal offenses occur at branch offices throughout the City. Each branch office generally handles cases located in its geographic service area. One such office, the San Pedro Office, is located in the Harbor and will therefore all staff assigned to this branch would be apportioned to the new Harbor City. The remaining branch offices will remain under the control of the City of Los Angeles.

The Domestic Violence Section and Victim Assistance Program deal with criminal incidence citywide. It is assumed for the purpose of this analysis that the service needs in these program areas are distributed somewhat evenly throughout the City. Therefore program personnel can be apportioned using the Harbor's proportion of citywide population.

The Gang/COPE unit staff works on several project areas throughout the City. Therefore, the proportion of project areas located in the Harbor can be used to apportion this unit.

CNAP is a multi-agency program targeting abandoned structures and nuisance properties that plague neighborhoods. Given the program's emphasis structures and properties, one indicator of the division's workload is the distribution of housing in different areas of the City. Staff in this division, therefore, are apportioned based on the proportion of the City's housing stock located in the Harbor special reorganization area.

The Appellate Services division handles appeals. Given that appeals are a function of the department's trial workload, this division can be apportioned using the new city's proportion of the department's trial workload. Given, however, the division's relatively small number of staff, no positions would be transferred to the new Harbor City.

The Automation, Technology, Planning and Research (ATPR) division handles MIS for the criminal section of the department. The division can therefore be apportioned by using the current proportion of ATPR staff required to provide service to the criminal section. The same proportion of staff would be required to serve the new Harbor City's criminal section. Given, however, the division's relatively small number of staff, no positions would be transferred to the new Harbor City.

#### Sufficiency of Staff Apportioned to Harbor Area and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the City Attorney's Office do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the department's 826 budgeted positions, roughly 58 percent are professional/technical. The professional/technical positions consist of Systems Analysts, Financial Managers, Investigators, Attorneys, Law Librarians, and Paralegals. The clerical/administrative category comprises 40 percent of department staff. It includes Witness Service Coordinators, Legal Assistants, Accounting Clerks, Law Clerks, Administrative Coordinators, Clerks, and Legal Secretaries. Finally, roughly two percent of department staff are either upper management or highly specialized. It includes the City Attorney, Senior Assistant City Attorneys, Chief Assistant City Attorneys, Executive Assistant City Attorney, and Chief Administrative Officer.



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**CITY ATTORNEY  
COMPOSITION OF WORKFORCE**

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| <u>Category</u>         | <u>Positions</u> | Percent of   |
|-------------------------|------------------|--------------|
|                         |                  | <u>Total</u> |
| Administrative/Clerical | 330              | 40%          |
| Professional/Technical  | 477              | 58%          |
| Management/Specialists  | 19               | 2%           |
| <hr/>                   |                  |              |
| Total                   | 826              |              |

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To achieve, at least in percentage terms, a roughly similar mix of skills and experience among department staff in the new city, the 27 positions apportioned to the Harbor would consist of the following: 16 profession/technical positions, 11 clerical/administrative positions, and 1 management/specialists. The department appears to contain a sufficient level of staffing at all levels to allow for a transfer of a comparable composition of staff to the Harbor City. The City Attorney position, however, is an elected position and could not be transferred to the Harbor City. For the purposes of this analysis it is assumed that the Harbor City would create an elected City Attorney position. The estimated cost for a Harbor City Attorney is equal to the fiscal year 2000-01 annual salary for the Los Angeles City Attorney, adjusted for fringe benefits.

#### Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new city the facilities, equipment, and other assets used to provide services to the Harbor. In general, this would include transferring facilities located in the Harbor, as well as the resources located at those facilities, to the new Harbor City. It would also include transferring a proportionate share of centrally located equipment and other assets to the new Harbor City.

Given these general criteria, the proposed apportionment would include the transfer of the Criminal Operations Section's San Pedro Office (638 S. Beacon Street, San Pedro).

#### Transition of Service to New City

It is assumed the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

#### **Projected Expenditures**

The expected salary cost for the new department is estimated based on the proportion of employees transferred as of the fiscal year 2000-01 Budget. This estimate does not include expected increases in the Workers' Compensation Division staff. The Workers' Compensation Division has commissioned a study to determine how to decrease the average trial attorney's caseload, which currently exceeds, by as much as three times, the caseload in other municipal practices. The City study recommends the addition of 11 positions, the combined salaries of which are \$718,235.

Non-salary personnel expenditures are also estimated based on the proportion of employees transferred.

With the exception of the Workers' Compensation Division, the department does not expect any significant changes to its staffing level during the planning period, or any changes to the level of service provided.



### Contractual Services

The department generally contracts the services of outside counsel for legal expertise. For fiscal year 1999-00, the department contracted \$90,000 for outside legal counsel. These services were paid by the General fund. The department's 2000-01 budget estimates contractual services at \$848,805.

### **Projected Revenues**

The department has been historically funded primarily from the City's General Fund. Less than three percent of the department's 2000-01 budget is from non-General Fund sources. Non-General Fund sources generally fund all or a portion of the criminal division's "quality of life" programs such as the Gang Unit, which combats street-gang crime.

The new Harbor City's appropriation from the Community Development Trust Fund, the HOME Investment Partnerships Program Fund, and the Workforce Investment Act (WIA) Fund will be a function of the new Harbor City's Consolidated Plan and Workforce Investment Act Strategic Local Plan. The new Harbor City will need to execute its own Consolidated and WIA Plans, once the City's current Plans expire in 2005. All allocations to the department from non-General Fund sources will be made at the discretion of the new Harbor City's Mayor and City Council.

### **CITY ATTORNEY SOURCES OF FUNDS**

| <u>Source of Funds</u>                 | <u>2000-01<br/>Budget</u> |
|----------------------------------------|---------------------------|
| General Fund                           | \$70,157,475              |
| Community Development Trust Fund       | \$203,290                 |
| HOME Invest. Partnerships Program Fund | \$45,691                  |
| Sewer Construction & Maintenance Fund  | \$429,605                 |
| Telecom. Development Account           | \$116,335                 |
| Workforce Investment Act Fund          | \$88,170                  |
| Rent Stabilization Trust Fund          | \$277,500                 |
| Prop. C Anti-Gridlock Transit Fund     | \$123,816                 |
| Anti-Smoking Fund                      | \$447,800                 |
| UDAG                                   | \$36,243                  |
| Total Funds                            | \$71,925,925              |

With respect to the General Fund revenue for the Harbor, the Harbor City General Fund would support the City Attorney's Office for the new city. All general revenue receipts contributed by residents and businesses in the Harbor would be contributed to the new city's General Fund, in accordance with the applicant's proposal for special reorganization.

The following table represents General Fund Departmental Receipts for the department. The department's gross receipts represent its total cost recovery to the General Fund. The new Harbor City Attorney's departmental receipts would be contributed to the Harbor General Fund. The amount of the General Fund departmental receipts that are currently generated by the Harbor, as well as other General Fund receipts that would be contributed to the new city are discussed in section "Transfer of Revenue."

Seventy-six percent of the department's receipts derive from the service it provides to proprietary departments. The department derives an additional 11 percent of receipts from service provided to the Housing Authority and CRA. The new city will not generate fees for service to the proprietary departments, which will remain under the control of the City of Los Angeles.

The next largest line item in the department's receipts, accounting for six percent of the total, derives from damage settlements. It is expected that the new city will secure damage settlements



proportional to its workload. Reimbursements from “other funds” account for another four percent of the department’s receipts. Half of the department’s reimbursement from “other funds” comes from Sewer Construction and Maintenance, and the remainder from the Home Investment Partnership, the Community Development Trust, and the reimbursement of related costs for the prior year. The department’s “special fund” sources come from UDAG related cost reimbursements and Workforce Investment related costs.

| <b>CITY ATTORNEY</b>                                      |                                  |
|-----------------------------------------------------------|----------------------------------|
| <b>GENERAL FUND DEPARTMENTAL RECEIPTS</b>                 |                                  |
| <b><u>Revenue Source</u></b>                              | <b><u>2000-01<br/>Budget</u></b> |
| Other County Grants/Agreements                            | 0                                |
| Other General Government Services                         | 0                                |
| Quasi-External Transaction, Proprietary Departments       | 8,107,120                        |
| Current Service Charges, Service to the Housing Authority | 600,000                          |
| Quasi-External Transaction, Service to the CRA            | 575,000                          |
| Damage Settlements                                        | 655,000                          |
| Miscellaneous Revenues                                    | 215,000                          |
| Reimbursement from Other Funds                            | 409,622                          |
| Reimbursements – Grant Receipts                           | 0                                |
| Special                                                   | 62,341                           |
| Total City Attorney                                       | \$ 10,624,083                    |



### **City Clerk**

The City Clerk's primary responsibilities include certain support functions for the City Council, record-keeping, and the administration of City elections. First, as ex-officio Clerk of the Council, the City Clerk ensures Council-related procedures comply with law, maintains a record of all Council proceedings, and acts as the custodian of official ordinances and contracts. Second, the City Clerk maintains City property ownership records and all official records of the City. Finally, the City Clerk, serving as Superintendent of Elections, selects polling places, approves precinct election officials, and maintains official election records.

Through fiscal year 1999-00, the City Clerk carried out the tax collection activities of the City. Tax collection was transferred to the newly created Office of Finance beginning in fiscal year 2000-01.

### **Distribution of Service within City**

The activities of the City Clerk can be divided into direct services provided to the public and several internal support services conducted for other City departments. The direct services include several functions related to City Council activities, such preparing public notices (including ordinances) and the City Council meeting agenda. They also include various record-keeping and administrative activities supporting several functional areas. For example, the department maintains a public counter to supply information on City land records to both the general public and other City departments. The department also administers the Citywide Business Improvement District Program, which involves assisting the public with preliminary formation activities, educating proponent groups regarding potential program benefits, organizing and moderating meetings and legislative establishment activities, and dealing with ongoing administrative activities after the district is established. There are currently 25 Business Improvement Districts in the City, of which one is in the Harbor special reorganization area.

A final category of direct services the department provides is the conduct of municipal and other miscellaneous elections in the City. Scheduled elections occur in odd-numbered years and include a Primary Nominating Election in April and a General Election in June. Other special elections can occur at any time at the call of the City Council. This division also conducts elections for other agencies.

All of the direct services provided by the department are available through department staff located in downtown offices at 200 N. Main (City Hall East), 201 N. Figueroa Street, and 700 East Temple.

In addition to providing direct services to the public, the department also provides indirect support services to other departments. These include providing administrative assistance to the Chief Legislative Analyst and the Mayor's Office, and responsibility for administering the General City Purposes budget.<sup>15</sup> The fiscal year 2000-01 General City Purposes budget provides funding for specific areas within the proposed Harbor City, such as funds for each council district for local services.

### **Proposed Apportionment**

The department provides direct services to the Harbor predominantly through the Council and Public Services Division, the Elections Division, and the Business Improvement Districts Program. Apportioning the services could be accomplished through a transfer of City staff sufficient to administer elections, the Business Improvement Districts program in the Harbor, and transferring sufficient staff and resources to comply with laws, maintain records, and assist with the indirect and administrative services of a new Harbor City.

### **Transfer of City Personnel**

In order to estimate the number of department staff providing services to the Harbor area, a review of the differing functions and mandates of the department has been undertaken. The staffing

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<sup>15</sup> The General City Purposes budget covers appropriations and expenditures that are not chargeable to specific City departments.



attributable to the Harbor can be estimated based on the proportion of workload and/or service needs in the Harbor.

For fiscal year 2000-01 the City Clerk has 126 budgeted positions. The department is divided into eight divisions, the functions of which are described in the table below.

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**CITY CLERK  
INTERNAL DIVISION FUNCTIONS**

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| <u>Division</u>           | <u>Function</u>                                                                                                                                                                                                                      |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Management                | Provides overall department management and oversight.                                                                                                                                                                                |
| Administrative Services   | Responsible for fiscal and personnel operations in the City Clerk's Office, the City Council/Legislative Analyst's Office, and the Mayor's Office; also administers the General City Purposes budget and various special trust funds |
| Systems                   | Responsible for the department's information systems, including City-wide systems and election systems.                                                                                                                              |
| Creative Services         | Designs most ornamental documents presented by the Mayor and Council, assembles and prepares City Seals and special projects.                                                                                                        |
| Records Management        | Serves as the custodian of all City records.                                                                                                                                                                                         |
| Land Records              | Maintains a record of all property owners within City of Los Angeles; "Special Assessments" unit administers special voter-approved property taxes and Business Improvement Districts.                                               |
| Council & Public Services | Prepares legally required publication notices and ordinances, processes all Council files and motions, prepares the Council agenda, and acts as the Council Minute Clerk and Council Voting Clerk.                                   |
| Elections                 | Provides for conduct of regular and special municipal elections in the City of Los Angeles.                                                                                                                                          |

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Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Harbor. As shown in the table below, it is estimated that a total of 6 positions currently provide service to the Harbor. A special reorganization would thus result in 6 positions, or roughly 4.8% of the department's staff, being transferred to the new Harbor City.



**CITY CLERK**  
**ALLOCATION OF WORKLOAD AND PERSONNEL**

| <u>Division</u>                  | <u>Allocation Method</u> | <u>Positions</u> | <u>Harbor<br/>Allocation</u> |
|----------------------------------|--------------------------|------------------|------------------------------|
| Management                       | Proportion of employees  | 4                | 0                            |
| Administrative Services          | Proportion of employees  | 18               | 1                            |
| Systems                          | Proportion of employees  | 12               | 1                            |
| Creative Services                | Population               | 7                | 0                            |
| Records Management               | Population               | 6                | 0                            |
| Land Records/Special Assessments | Population               | 36               | 2                            |
| Council & Public Services        | Population               | 32               | 1                            |
| Elections                        | Population               | 11               | 1                            |
| Total                            |                          | 126              | 6                            |

The methodology used to estimate the number of positions providing services to the Harbor is as follows. For five divisions – Creative Services, Records Management, Land Records, Council and Public Services, and Elections – the estimate is based on population. It is calculated by multiplying the proportion of the City residents residing in the Harbor – 4.12% – by the number of positions in each division.<sup>16</sup> Although the Creative Services and Council and Public Services divisions support activities of the Mayor and Council, the Mayor and Council are representatives of City residents, and thus population provides a reasonable indicator of the workload required to support the elected officials. The Records Management and Elections divisions directly serve City residents, and, again, population reasonably reflects the potential service needs in a new Harbor City.

For the Land Record division, population is also used to estimate service needs in the Harbor, and is used to determine the number of staff that would transfer to the Harbor City as a result of the special reorganization. It should be noted that, among its various functions, the Special Assessments Unit within the division plays an integral part in the City's process of repaying assessment debt.<sup>17</sup> As further discussed in the section "Legal Issues Affecting Apportionment – Transfer of Legal Liability," it is assumed, for the purposes of this analysis, that the City of Los Angeles would retain full responsibility for the repayment of existing City debt and would require the retention of its existing assessment, collection, and payment staffing to ensure the timely and full repayment of the debt. However, the Special Assessments Unit is also responsible for the administration of the Business Improvement Districts and continued assistance for future debt financings relating to Proposition K funds. These City functions are assumed transferred to the new Harbor City as part of the special reorganization, which would require support and transfer of existing staff within the Special Assessments Unit.

For the remaining divisions, the estimate of the number of positions providing services to the Harbor is made on a "proportion of employees" basis. Positions are allocated in proportion to the percentage of employees in all other divisions of the City Clerk's office that would be transferred to the new Harbor City.

For fiscal year 2000-01, the department has also budgeted for several "as needed" positions. It is assumed that a proportional amount of the costs for these positions would be transferred to the Harbor City in the same percentage as the amount of budgeted staff transferred.

<sup>16</sup> City of Los Angeles Planning Department estimate of the Harbor's proportion of overall City population in 1998.-

<sup>17</sup> Outstanding assessment district debt includes the Landscaping and Lighting District 96-1 Assessment Bonds and the MICLA Special Tax Revenue Bonds.



### Sufficiency of Staff Transferred to Harbor and Retained by the City of Los Angeles

As is true of the staff in every department, staff throughout the City Clerk's Office do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the current composition of staff to ensure that a sufficient number of qualified personnel are transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the department's current 126 positions, roughly 49.6% are professional/technical, 44% are administrative/support, and 6.4% are, based on the City's description of positions, best characterized as specialists. To achieve a roughly similar mix of skills and experience among department staff in the new Harbor City, the 6 positions allocated to the Harbor would consist of the following categories of personnel: 3 professional/technical, 3 administrative/support, and 0 specialists.

#### **OFFICE OF THE CITY CLERK COMPOSITION OF STAFF, FISCAL YEAR 2000-01**

| <u>Division</u>           | <u>Total Positions</u> | <u>Professional/Technical</u> |                         | <u>Administrative/Support</u> |             | <u>Specialists</u> |              |
|---------------------------|------------------------|-------------------------------|-------------------------|-------------------------------|-------------|--------------------|--------------|
|                           |                        | <u>No.</u>                    | <u>Type</u>             | <u>No.</u>                    | <u>Type</u> | <u>No.</u>         | <u>Type</u>  |
| Management                | 4                      | 1                             | Officer <sup>1</sup>    | 2                             | Secretary   | 1                  | City Clerk   |
| Administrative Services   | 18                     | 7                             | Analyst                 | 1                             | Secretary   |                    |              |
|                           |                        | 1                             | Officer <sup>2</sup>    | 8                             | Clerk       |                    |              |
|                           |                        | 1                             | Supervisor              |                               |             |                    |              |
| Systems                   | 12                     | 10                            | Analyst                 | 1                             | Aide        | 1                  | Director     |
| Creative Services         | 7                      | 1                             | Chief                   | 3                             | Clerk       | 3                  | Calligrapher |
| Records Management        | 6                      | 1                             | Analyst                 | 1                             | Clerk       |                    |              |
|                           |                        | 1                             | Officer <sup>3</sup>    |                               |             |                    |              |
|                           |                        | 2                             | Wh/Tr wkr. <sup>4</sup> |                               |             |                    |              |
|                           |                        | 1                             | Storekeeper             |                               |             |                    |              |
| Special Assessments       | 11                     | 3                             | Analyst                 | 6                             | Clerk       |                    |              |
|                           |                        | 6                             | Engr. Tech.             |                               |             |                    |              |
| Land Records              | 21                     | 2                             | Analyst                 | 8                             | Clerk       | 3                  | Cartographer |
|                           |                        | 3                             | Title Exam.             |                               |             |                    |              |
|                           |                        | 5                             | Engr. Tech.             |                               |             |                    |              |
| Council & Public Services | 32                     | 12                            | Analyst                 | 19                            | Clerk       |                    |              |
|                           |                        |                               |                         | 1                             | Secretary   |                    |              |
| Elections                 | 11                     | 6                             | Analyst                 | 4                             | Clerk       |                    |              |
|                           |                        |                               |                         | 1                             | Assistant   |                    |              |
| Total                     | 126                    | 63                            |                         | 55                            |             | 8                  |              |
| Percent of Total          | --                     | 49.6%                         |                         | 44.0%                         |             | 6.4%               |              |

<sup>1</sup> Refers to Executive Officer

<sup>2</sup> Refers to Personnel Officer

<sup>3</sup> Refers to Records Management Officer

<sup>4</sup> Refers to Warehouse/Toolroom Worker

Given its current mix of position categories, the department appears to contain sufficient staff at all job classifications to allow for such a transfer without significantly burdening the City. The only employee category with staff that are in short supply is senior level management in the "specialist" category. It is assumed, however, that the necessary senior management – specifically, an additional City Clerk – can be supplied from within the department's current staff to ensure that both the Harbor City and the City of Los Angeles have the management resources necessary to provide a sufficient level of



service. If these staff cannot be supplied from within the department, additional hiring may be required.

#### Transfer of Equipment and Facilities

The City Clerk's office currently utilizes several database systems to assist the department in processing data. The primary database systems used by the City Clerk include: the Council File Index and LUPAMS Unit, which maintains current records of all property owners within the City; the Election Tally System, which is used to count voted ballots and tabulate election results; and the Voter Information Management System (VIMS), an off-the-shelf personal computer based system that gives City Clerk Election Division staff access to voter record inquiries and the ability to track absentee ballots, verify petition signatures, and locate precinct workers and polling places.

For the purposes of this report, it is assumed the proposed Harbor City would attempt to share all of the existing applications used by the department. All costs incurred by the City to support the systems on behalf of the Harbor City would be reimbursed through contractual payments made for work performed by the City's Information Technology Agency.

#### Transition of Service to New City

It is assumed the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The new Harbor City would also require an 8-month period to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

#### **Projected Expenditures**

The department's projected expenditures for fiscal year 2000-01 are roughly \$14.9 million. As shown in the table below, the majority of department expenditures (roughly 72%) are for staff salaries. The majority of department expenses (\$3.4 million) are for the administration of City elections.

#### **CITY OF LOS ANGELES – CITY CLERK USES OF FUNDS**

| <u>Uses of Funds</u>      | <u>2000-01<br/>Budget</u> |
|---------------------------|---------------------------|
| Expenditures:             |                           |
| Salaries                  | \$ 10,696,209             |
| Expenses                  | 3,882,005                 |
| Equipment                 | 0                         |
| Interdepartmental Charges | 332,152                   |
| Total Expenditures        | \$ 14,910,366             |

In estimating expenditures for the City Clerk in the new Harbor City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Harbor with City Clerk services is estimated to require 6 positions throughout the entire planning period. The expected salary, expenses, and equipment cost for a new Harbor City department is estimated in proportion to the number of employees transferred as of the fiscal year 2000-01 budget.

#### Contractual Services

The department contracts for service primarily for assistance in the administration of Business Improvement Districts. For fiscal year 2000-01 expenditures on contractual services totaled \$251,453. For the purposes of this fiscal analysis, it is assumed future Harbor expenditures are equal to 4.7% of the amount budgeted for contractual services by the City in fiscal year 2000-01, adjusted for inflation.



### Departmental Start-Up Costs

The new Harbor City may incur department-specific start-up costs, such as the records databases discussed under “– Proposed Apportionment – Transfer of Equipment and Facilities,” and special storage facilities for long-term records keeping. The estimate for these department-specific costs is also provided in section “Harbor City Start-Up Costs.”

### **Projected Revenues**

For the fiscal year 2000-01 budget, the department is funded primarily from the City's General Fund. It is assumed in this analysis that the proposed Harbor City would similarly be funded from a Harbor City General Fund.

The City Clerk also receives funding from the Street Lighting Maintenance Assessment Fund, the BID Trust Fund, and the Special Police Communications Tax Fund. The allocation of these funds to the Harbor City is provided on Table R-8 in Appendix II.<sup>18</sup>

The following table represents City of Los Angeles General Fund Departmental Receipts for the department. The 2000-01 budget includes over a million dollars in election year reimbursements. Receipts associated with the Tax and Permit Division have been moved to the Office of Finance.

| <b>CITY CLERK<br/>GENERAL FUND DEPARTMENTAL RECEIPTS</b> |                                  |
|----------------------------------------------------------|----------------------------------|
| <b><u>Revenue Source</u></b>                             | <b><u>2000-01<br/>Budget</u></b> |
| State Mandated Program Reimbursement                     | \$ 833,000                       |
| Other State Grants/Agreements                            | 264,462                          |
| Other Intergovernmental Federal                          | 0                                |
| Other General Government Services                        | 1,384,562                        |
| Quasi-External Transaction                               | 0                                |
| Miscellaneous Revenues                                   | 12,000                           |
| Reimbursement from Other Funds                           | 17,000                           |
| Total City Clerk                                         | \$ 2,511,024                     |

<sup>18</sup> The BID Trust Fund is included in the “Allocations from other sources” (Schedule 29 fund).



### **Commission for Children, Youth and Their Families**

The Commission for Children, Youth and Their Families administers several City programs aimed at addressing the needs of young people. These programs include the Neighborhood Networks4Kids (NN4K) program and the Youth Council program, both of which attempt to bring together youth throughout the City to develop programs and promote issues relevant to young people. The department also oversees the competitive grant process associated with Proposition K, an initiative approved by Los Angeles voters in 1996 that generates \$25 million annually over 30 years for capital projects aimed at improving neighborhood facilities for the City's children and families. Finally, the department provides childcare services through oversight of the Joy Picus Child Care Center.<sup>19</sup>

### **Distribution of Service within City**

All department staff, both program and support staff, are centrally located at City offices at 333 South Spring Street. Program staff often provides services in the field, however, particularly in administering Neighborhood Networks4Kids and Youth Council activities.

The department's Neighborhood Network4Kids (NNK4) program organizes residents, City personnel, and youth into groups, called "Neighborhood Networks", focused on strengthening their neighborhoods and providing services for youngsters. Neighborhood Networks, while receiving administrative support from department staff, are composed of volunteer members of the community they serve. A Neighborhood Network can take any form a community wishes and carry out a wide range of activities. Often a City facility (e.g., a library) serves as a meeting place for Network Neighborhood members.

The City is attempting to organize Neighborhood Networks in all 15 Council Districts. As of fiscal year 2000-01, eight Neighborhood Networks are functioning across Los Angeles, none of which are located in the Harbor area.

The Youth Council consists of young people chosen by members of the City Council that carry out a range of activities aimed at encouraging youth participation in the community. Youth Council activities take place in all regions of the City. In fiscal year 1999-00 five Youth Council events were held, ranging from a clean-up of the Central Library to an event aimed at increasing awareness of the 2000 Census.

Proposition K, also known as the "L.A. for Kids Program," generates \$25 million each year through an annual real property tax assessment on city residents. These funds are earmarked for capital improvements and maintenance of city parks, recreation facilities, childcare centers, and for the acquisition of natural land. The Commission is administering the open and competitive bid process for Proposition K funds, which is open to non-profit agencies, City departments, and other government agencies. The funding cycle occurs every two years (fiscal years 2000 through 2002 is the second cycle), and projects in all regions of Los Angeles have and expect to continue to receive Proposition K monies.

Finally, the Commission's childcare activities consist of overseeing the operations of the Joy Picus Child Care Center. The Center offers childcare services to all families with infant or preschool children, with priority given to city employees. The Center is located at 111 South Los Angeles Street (City Hall South). The Commission contracts with the non-profit Los Angeles Child Care and Development Council to operate the Center.

### **Proposed Apportionment**

The Commission provides services to the Harbor predominantly through programming the use of Proposition K funds for capital projects in the Harbor. Apportioning these services could be accomplished by (1) a transfer of staff sufficient to administer the department's Proposition K

<sup>19</sup> As of the beginning of fiscal year 2000-01, an additional program administered by the Commission was the U.S. Department of Justice "Youth Initiative" Grant, which focuses on issues of juvenile justice. This grant expired in December 2000, and is therefore not considered in this analysis.



activities; and (2) transferring to the new Harbor a proportionate share of current and future Proposition K funding.

#### Transfer of City Personnel

For fiscal year 2000-01 the department has 41 budgeted positions, of which 15 are Commissioners. The Commission has 7 divisions, the functions of which are described in the table below.

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### **COMMISSION ON CHILDREN, YOUTH AND THEIR FAMILIES INTERNAL GROUP FUNCTIONS**

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| <b><u>Group</u></b>            | <b><u>Function</u></b>                                                                                                                               |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| Management                     | Provides overall department management and oversight.                                                                                                |
| Policy and Planning            | Analyzes policy affecting children, youth, and families; administers the Proposition K grant processes.                                              |
| External/Internal Operations   | Responsible for community outreach activities including Neighborhood Networks4Kids (NN4K), the Youth Council, and the Greater L.A. Youth Initiative. |
| Public Information & Relations | Responsible for event planning, media activities, and intergovernmental/community relations.                                                         |
| Child Care Policy              | Responsible for promoting and expending child care services throughout the City.                                                                     |
| Office Services                | Provides support for the Commission and office staff.                                                                                                |
| Fiscal Operations              | Provides budget and fiscal oversight.                                                                                                                |

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Based on the functions of each group, measures of workload and service needs have been identified that can be used to estimate the proportion of each departmental group providing service to the Harbor. As shown in the table below, it is estimated that a total of 1 position currently provides services to the Harbor area. A special reorganization would thus result in 1 position, or roughly 3.9% of the department's staff, being transferred to the new Harbor City.



**COMMISSION ON CHILDREN, YOUTH AND THEIR FAMILIES  
ALLOCATION OF WORKLOAD AND PERSONNEL**

| <u>Division</u>                | <u>Allocation Method</u>         | <u>Positions*</u> | <u>Harbor Allocation</u> |
|--------------------------------|----------------------------------|-------------------|--------------------------|
| Management                     | Staff availability               | 1                 | 0                        |
| Policy and Planning            | Population (adjusted)            | 4                 | 1                        |
| External/Internal Operations   | Location of services             | 14                | 0                        |
| Public Information & Relations | Staff availability               | 2                 | 0                        |
| Child Care Policy              | Proportion of citywide employees | 3                 | 0                        |
| Office Services                | Staff availability               | 1                 | 0                        |
| Fiscal Operations              | Staff availability               | 1                 | 0                        |
| Total                          |                                  | 26                | 1                        |

\* Number of positions per division based on the 2000-01 organization chart and excludes five Commissioners. Discrepancies between the number of budgeted positions for fiscal year 2000-01 and the number of positions on the organization chart were reconciled to match the number of budgeted positions.

The only service the department provides in the Harbor area is the administration of Proposition K grant proposals.<sup>20</sup> The division within the department responsible for administering these grants is Policy and Planning, and therefore the apportionment of staff applies only to this division. For this apportionment, positions are transferred to the Harbor based on population, with the number of positions transferred adjusted upward to create a viable apportionment. The positions are apportioned based on population because it is anticipated that Proposition K grants will be distributed in all geographic areas of the City, and therefore the proportion of City's entire population located in the Harbor area (4.12%) provides a reasonable indicator of the services provided in this area.

Given the small number of staff in all the department's program support divisions, an allocation to the Harbor City would not appear to leave the City with a sufficient level of staffing. Therefore, it is assumed no positions in these divisions would transfer to the Harbor City as a result of a special reorganization.

The department has also budgeted for a small number of "as needed" positions. A proportional amount of the cost for these positions is assumed transferred to the Harbor City based on the number of budgeted staff transferred.

Sufficiency of Staff Transferred to Harbor and Retained by the City of Los Angeles

As is true of the staff in every department, staff throughout the Commission for Children, Youth and Their Families do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the current composition of staff to ensure that a sufficient number of qualified personnel are transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the department's 26 non-Commissioner positions, roughly 32.4% are professional/technical, 64.9% are administrative/support, and 2.7% are, based on the City's description of positions, best characterized as specialists. Given that only one position would be transferred to the Harbor, it would not be possible for the Harbor City to achieve a roughly similar mix of skills and experience among department staff received from the City of Los Angeles.

<sup>20</sup> In the first cycle of the Proposition K competitive bid process, grant awards in the Harbor area included \$1,000,000 to San Pedro High School.



**COMMISSION FOR CHILDREN, YOUTH, AND  
FAMILIES  
COMPOSITION OF WORKFORCE**

| <u>Category</u>         | <u>Positions</u> | Percent of   |
|-------------------------|------------------|--------------|
|                         |                  | <u>Total</u> |
| Professional/Technical  | 7                | 32.4%        |
| Clerical/Administrative | 18               | 64.9%        |
| Management/Specialists  | 1                | 2.7%         |
| Total                   | 26               |              |

As discussed above, it is assumed that positions in the various support divisions – Management, Public Information and Relations, Office Services, and Fiscal Operations – do not contain sufficient staffing to provide a transfer of staff to the Harbor. Given that a new Harbor City department would be apportioned just 1 position, it is assumed that the Harbor would alter this department's organizational structure and functional responsibilities to adjust to any staffing constraints.

Transfer of Equipment and Facilities

The Commission for Children, Youth and Their Families administers its programs through its main office and through various schools, churches and community centers throughout the City. The department owns the Joy Picus Child Care Center at 111 South Los Angeles Street but does not own any of sites where it facilitates and administers departmental programs. The special reorganization would therefore not result in a transfer of any special equipment or facilities to the Harbor City.

Transition of Service to New City

The service provided by the department is to some extent self-contained, with only a small degree of integration of municipal service with the other City departments. It is therefore assumed the City could transfer all required staffing necessary for Commission and functionally operate within the 8-month timetable estimated for most other departments. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

**Projected Expenditures**

The department's projected expenditures for fiscal year 2000-01 are roughly \$1.7 million. As shown in the table below, the majority of department expenditures (roughly 78%) are for staff salaries.

**CITY OF LOS ANGELES – COMMISSION ON  
CHILDREN, YOUTH, FAMILIES  
USES OF FUNDS**

| <u>Uses of Funds</u>      | <u>2000-01<br/>Budget</u> |
|---------------------------|---------------------------|
| Expenditures:             |                           |
| Salaries                  | \$ 1,333,817              |
| Expenses                  | 336,883                   |
| Equipment                 | 2,500                     |
| Interdepartmental Charges | 43,163                    |
| Total Expenditures        | \$ 1,716,363              |



In estimating expenditures for the Commission on Children, Youth, and Families in the new Harbor City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Harbor with services is estimated to require 1 position throughout the entire planning period. The expected salary, expenses, and equipment cost for a new Harbor City department is estimated in proportion to the number of employees transferred as of the fiscal year 2000-01 budget.

#### Contractual Services

The department's fiscal year 2000-01 budget for contractual services is \$110,000, the largest expenditures being for the Greater LA Youth Initiative and the LA Child Care & Development Council. The department's contract with the Greater LA Youth Initiative that ended December 2000 provided services relating to the department's federal grant from the Department of Justice for the juvenile justice system. The contract with the LA Child Care & Development Council is ongoing and provides for childcare services at the Joy Picus Child Care Center.

Because the Greater LA Youth Initiative is funded by the Department of Justice grant to the City of Los Angeles, provision of this service is assumed to remain with the City. The funding for the LA Child Care & Development Council contractual service is also assumed to remain with the City, as the Joy Picus Child Care Center is not located within the boundaries of the proposed Harbor City, and would remain under ownership and control of the City of Los Angeles.

The department does contract for other services and tasks, such as copier rentals and miscellaneous professional services. It is therefore assumed the Harbor City would incur future contractual services expenditures, and that these expenditures can be estimated based on the proportion of department staff deemed to be providing services to the Harbor (3.9%, as calculated above).

#### **Projected Revenues**

The Commission has been historically funded entirely from the City's General Fund, and it is assumed that the new Harbor City would also use general fund revenues to fund department activities.

The department did receive one federal grant from the Department of Justice. The grant was service based to help the city coordinate with county government for the juvenile justice system. The grant also provided for several training sessions of the juvenile justice system to schools and the community. The grant ended in December of 2000 and will not be in existence when the proposed transition to the new Harbor City commences.



### Commission on the Status of Women

The Commission on the Status of Women helps women participate in City government and promotes the general welfare of women throughout Los Angeles. The Commission's duties include advising the Mayor and Council on women's issues, investigating problems, and recommending programs that will increase opportunities for women, and performing studies and surveys.

### **Distribution of Service within City**

All Commission staff are located at the Commission's downtown Los Angeles offices at 250 East First Street. Several services provided by these staff, however, are carried out in geographically dispersed areas throughout the City. For example, the Young Women at Risk Violence Intervention Pilot Program (YWAR), a school-based preventive intervention program for female youth with social, behavioral, and/or emotional problems, is located at Duke Ellington Continuation High School in Los Angeles and is operated by Commission staff. YWAR attempts to intervene in girls' lives to address factors that increase the risk of delinquency.

The department provides direct services from its downtown offices including trained staff who answer domestic violence, sexual harassment, and gender discrimination phone calls. The department works with shelters in outlying areas of the City and administers programs, which are mandated initiatives by the City Council such as YWAR, the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW), and Domestic Violence. In addition, the department publishes literature and produces an LA Women Talk Show, which airs once a week.

### **Proposed Apportionment**

The proposed apportionment seeks to provide a new Harbor City with the services the Commission currently provides in the harbor area. Such an apportionment could be accomplished by transferring to the new Harbor City those staff that, as of fiscal year 2000-01, provide services to the Harbor area.

### Transfer of City Personnel

In order to estimate the number of department staff providing services to the Harbor, a review of the differing functions and mandates of the department has been undertaken. For fiscal year 2000-01 the department has 12 budgeted positions, of which 7 are Commissioners. While not formally divided into divisions, the commission's staff can be placed in two categories, as listed in the table below.

| <b>COMMISSION ON THE STATUS OF WOMEN<br/>INTERNAL DIVISION FUNCTIONS</b> |                                              |
|--------------------------------------------------------------------------|----------------------------------------------|
| <u>Division/Category</u>                                                 | <u>Function</u>                              |
| Management                                                               | Provides overall management and supervision. |
| Staff                                                                    | Carries out Commission duties and programs.  |

Given the centralized nature of many of many of the programs offered by the department, the department's services are generally provided to residents of the City irrespective of geographic location. Therefore, population in the Harbor can be used as a measure of service needs for which sufficient staffing would be required to continue the current level of service. Using the estimated Harbor population of 4.12% of the entire City and then rounding up to create a viable apportionment, it is estimated that a total of 1 position currently provides service to the Harbor. A special reorganization would therefore result in 1 position, or 20% of the department's current staff, being transferred to the new Harbor City.



**COMMISSION ON THE STATUS OF WOMEN  
ALLOCATION OF WORKLOAD AND PERSONNEL**

| <u>Division</u> | <u>Allocation Method</u> | <u>Positions</u> | <u>Harbor Allocation</u> |
|-----------------|--------------------------|------------------|--------------------------|
| Management      | Staff availability       | 1                | 0                        |
| Staff           | Population               | 4                | 1                        |
| Total           |                          | 5                | 1                        |

Sufficiency of Staff Transferred to Harbor and Retained by the City of Los Angeles

As is true of the staff in every department, staff throughout the Commission on the Status of Women do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the current composition of staff to ensure that a sufficient number of qualified personnel are transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the department's current 5 positions, 2 are professional/technical, 2 are administrative/support, and 1 is, based on the City's description of positions, best characterized as a specialist.

**COMMISSION ON THE STATUS OF WOMEN  
CURRENT COMPOSITION OF STAFF**

| <u>Division</u>  | <u>Total Positions</u> | <u>Professional/Technical</u> |             | <u>Administrative/Support</u> |             | <u>Specialists</u> |             |
|------------------|------------------------|-------------------------------|-------------|-------------------------------|-------------|--------------------|-------------|
|                  |                        | <u>No.</u>                    | <u>Type</u> | <u>No.</u>                    | <u>Type</u> | <u>No.</u>         | <u>Type</u> |
| Management       | 1                      |                               |             |                               |             | 1                  | E. Director |
| Staff            | 4                      | 2                             | Analyst     | 2                             | Clerk       |                    |             |
| Total            | 5                      | 2                             |             | 2                             |             | 1                  |             |
| Percent of Total |                        | 40.0%                         |             | 40.0%                         |             | 20.0%              |             |

Given that only one position would be apportioned to the new Harbor City, it would not be possible for the Harbor to achieve a roughly similar mix of skills and experience among the department staff it receives in the apportionment. In particular, the new Harbor City would need to operate without an Executive Director or hire a new Executive Director in order for the department to provide a comparable service level. For the purposes of this fiscal analysis it is assumed the Harbor City would operate without an Executive Director.

For fiscal year 2000-01, the department has also budgeted for 2 "as needed" positions. A proportional amount of the cost for these positions is assumed transferred to the Harbor City based on the number of budgeted staff transferred.

Transfer of Equipment and Facilities

The Commission on the Status of Women administers its programs through its main office and, for the YWAR program, at the Duke Ellington Continuation High School. However, the department does not own any equipment, its main office, or any of the locations at which it administers programs. Therefore, the special reorganization would not result in a transfer of equipment or facilities to Harbor City.



### Transition of Service to New City

The service it provides is to some extent self-contained, with only a small degree of integration of municipal service with the other City departments. It is assumed the City could transfer all required staffing necessary for Commission and functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

### **Projected Expenditures**

The department's projected expenditures for fiscal year 2000-01 are roughly \$449,400. As shown in the table below, the majority of department expenditures (roughly 79%) are for staff salaries.

| <b>CITY OF LOS ANGELES – COMMISSION ON<br/>THE STATUS OF WOMEN<br/>USES OF FUNDS</b> |                                  |
|--------------------------------------------------------------------------------------|----------------------------------|
| <b><u>Uses of Funds</u></b>                                                          | <b><u>2000-01<br/>Budget</u></b> |
| Expenditures:                                                                        |                                  |
| Salaries                                                                             | \$ 356,404                       |
| Expenses                                                                             | 72,506                           |
| Equipment                                                                            | 0                                |
| Interdepartmental Charges                                                            | 20,490                           |
| Total Expenditures                                                                   | \$ 449,400                       |

In estimating expenditures for the Commission on the Status of Women in the new Harbor City, it is assumed the department will require 1 positions throughout the entire planning period. The expected salary, expenses, and equipment cost for a new Harbor City department is estimated in proportion to the number of employees transferred as of the fiscal year 2000-01 budget.

### Contractual Services

The department as operated by the City does not utilize contractual services valued at over \$100,000. It is not assumed as part of this analysis that the Harbor City department would require the use of contractual services.

### **Projected Revenues**

The Commission has been historically funded primarily from the City's General Fund. The department does not receive any grant funding but is active in fund raising. It is assumed that the Harbor City would support its own department exclusively from its own general fund.



## **Community Development Department**

The department administers the Housing and Community Development Block Grant, Workforce Investment Act Grant, and Community Services Block Grant. In all, it is responsible for the fiscal management of approximately \$200 million in grant funds, which are distributed to approximately 450 contractors. The department also coordinates the development of the City's annual Community Development Block Grant Application, provides grant coordination, recommends allocation of funds by contractual agreements for conducting work experience, classroom and on-the-job training programs, and administers grant-supported social programs and neighborhood development activities.

### **Distribution of Service within City**

The department provides service for the residents and businesses in the City through several different grant-funded programs, as well as through direct referral and advisory services provided by department staff. Community Development Department (CDD) offices are located at 215 W. Sixth Street in downtown Los Angeles. Most of the department's employees work at this location with the exception of three Census Outreach staff located at 205 S. Broadway #620, two employees at the Bradley/Milken Youth and Family Center (1773 E. Century Boulevard, Los Angeles), one employee at Kulick Grant-Watts (1776 E. Century Blvd., Los Angeles), and one employee at 404 South Bixel in Los Angeles.

### **Proposed Apportionment**

Because the department's primary function is the administration of grants, the methodology to estimate the number of staff that may transfer to the Harbor upon a special reorganization begins with the estimated geographic distribution of grant funding. According to the fiscal year 2000-01 budget, the department received 90 percent of its funding from Community Development Block Grants (CDBG) and Workforce Investment Act (WIA) grants. Given that CDBG accounts for nearly 50 percent of the department's funding, the Harbor area's entitlement under the CDBG grant formula is used as indicator of the Harbor area's proportion of the City's current grant entitlements.

Both the CDBG and WIA grants require that any local agency receiving funds submit and receive approval of a Consolidated Plan or strategic 5-year local plan. The City's current Consolidated Plan has been approved through 2003. This is an interim document for the period 2000-03 only. The City will submit a full five-year document for the period 2000 through March 30, 2005, with the receipt of Census 2000 data, anticipated in late 2002. Entitlements are calculated and distributed annually. While eligible cities must submit a Consolidated Plan, the entitlement is not affected by the Plan.

The Department of Housing and Urban Development (HUD) distributes CDBG funds based on a formula that weights the total population, the total population of persons in poverty, and the number of persons living in overcrowded housing. Poverty is weighted twice. The table below shows the application of this formula to the study areas and the estimated distribution of CDBG grant funds to the study areas.

| <b>CDBG Formula Grant Allocation and Estimated Grant Per Study Area, FY 1998-99</b>                                   |                 |     |              |     |                   |     |                         |                 |
|-----------------------------------------------------------------------------------------------------------------------|-----------------|-----|--------------|-----|-------------------|-----|-------------------------|-----------------|
|                                                                                                                       | 1990 Population |     | 1990 Poverty |     | 1990 Overcrowding |     | Estimated Formula Ratio | Estimated Grant |
| San Fernando Valley                                                                                                   | 1,211,974       | 35% | 129,435      | 20% | 65,036            | 24% | 25%                     | \$22,334,344    |
| Los Angeles                                                                                                           | 2,134,725       | 61% | 488,758      | 76% | 195,440           | 72% | 71%                     | \$64,382,210    |
| Harbor                                                                                                                | 138,009         | 4%  | 23,211       | 4%  | 10,447            | 4%  | 4%                      | \$3,391,218     |
| Total                                                                                                                 | 3,484,708       |     | 641,404      |     | 270,923           |     | 100%                    | \$90,107,772    |
| Source: City of Los Angeles, <i>Final Geographic Revenue Analysis for Fiscal Year 1998-99</i> , February 2000, p. 96. |                 |     |              |     |                   |     |                         |                 |



### Transfer of City Personnel

For fiscal year 2000-01 the Community Development Department has 274 budgeted positions. Based on the functions of each division, measures of workload and probable grant-supported staffing have been identified. The department is comprised of nine divisions, the functions of which are described in the table below.

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#### **COMMUNITY DEVELOPMENT DEPARTMENT INTERNAL DIVISION FUNCTIONS**

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| <b><u>Division</u></b>         | <b><u>Function</u></b>                                                                                                                                                                                                                                                                |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Executive                      | Responsible for managing department staff.                                                                                                                                                                                                                                            |
| Human Services                 | Responsible for human services and family development-related programs, manages funding and the contractors that deliver the programs.                                                                                                                                                |
| Neighborhood Development       | Responsible for the renovation and construction of facilities operated by non-profit community-based organizations and coordinates major repairs to several City-owned facilities. Performs all monitoring associated with contracts established for the provision of these services. |
| Workforce Development          | Administers funding for job training and placement and provides economic development and business assistance services to businesses.                                                                                                                                                  |
| Industrial and Commercial Dev. | Offers direct and indirect financing and technical assistance programs.                                                                                                                                                                                                               |
| Administrative Services        | Prepares department's budget, procurement of and payment for goods, environmental reviews, census analysis, public relations, contract administration, records retention, and information services.                                                                                   |
| Computer Systems               | Designs, implements, and supports department's computer systems and other IT services.                                                                                                                                                                                                |
| Financial Management           | Responsible for the fiscal management of grant funds.                                                                                                                                                                                                                                 |
| Human Resources                | Comprised of the Personnel Unit and EEO Compliance Unit, provides the department with human resources-related services.                                                                                                                                                               |

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As shown in the table below, it is estimated that a total of 11, or roughly 4 percent, of the department's staff provide services to the Harbor area. This estimate is based on the fiscal year 2000-01 budget, and on a total of 274 positions in the department.



**COMMUNITY DEVELOPMENT DEPARTMENT  
ALLOCATION OF WORKLOAD AND STAFF**

| <u>Unit</u>                    | <u>Allocation Method</u>              | <u>Positions</u> | <u>Harbor Allocation</u> |
|--------------------------------|---------------------------------------|------------------|--------------------------|
| Executive                      | Proportion of employees               | 3                | 0                        |
| Administrative Services        | Proportion of employees               | 19               | 1                        |
| Computer Systems               | Proportion of employees *             | 8                | 1                        |
| Human Resources                | Proportion of employees               | 5                | 0                        |
| Financial Management           | Harbor Proportion of CDBG entitlement | 31               | 1                        |
| Human Services                 | Harbor Proportion of CDBG entitlement | 43               | 2                        |
| Neighborhood Development       | Harbor Proportion of CDBG entitlement | 12               | 0                        |
| Workforce Development          | Harbor Proportion of CDBG entitlement | 135              | 5                        |
| Industrial and Commercial Dev. | Harbor Proportion of CDBG entitlement | 18               | 1                        |
| Total                          |                                       | 274              | 11                       |

\* Rounded up to the nearest integer.

The methodology used to estimate the number of positions required to provide community development-related services to the Harbor area is twofold. First, the Executive, Administrative Services, Computer Systems, and Human Resources divisions all provide internal department services. Staffing is therefore a function of the total number of department staff and can reasonably be apportioned in proportion to the department's estimated number of employees to be transferred to the new Harbor City. Next, the transfer of personnel required to serve the Harbor area by the remaining divisions is generally contingent upon the outcome of the grant entitlement formulas. According to the CDBG entitlement formula, the Harbor area would be entitled to approximately 4 percent of the current CDBG funds accounted for in the Consolidated Plan. Assuming that department staff is a function of funding, and using the Harbor area's proportion of the City's current CDBG entitlement as an indicator of total grant entitlement that could be received, approximately 4 percent of the remaining division's staff would be transferred to the new Harbor City.

The department also includes 245 positions that are funded by Council Resolution Authority. These positions are funded outside the Adopted Budget from grant funding that is not programmed as part of the budget process. Because this fiscal analysis identifies the portion of revenues and expenditures in the City's Fiscal Year 2000-01 Adopted Budget, the transfer of Council Resolution Authority positions is not addressed. In the event the proposed Harbor City becomes eligible for Consolidated Plan entitlement funds, it is likely that a portion of the funding currently supporting the department's Council Resolution Authority positions would be transferred to the Harbor City, which would require that a concomitant level of Council Resolution Authority positions be transferred to the Harbor City.

The department has also budgeted for several "as needed" positions for fiscal year 2000-01. It has been assumed that a proportional amount of the cost of these positions would be transferred to the Harbor City based on the number of budgeted staff transferred.

Sufficiency of Staff Apportioned to the Harbor Area and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Community Development Department does not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of



qualified employees would be transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the department's 274 positions, approximately 57% are professional/technical. The professional/technical positions generally include Analysts, Environmental Supervisors, Accountants, Financial Officers, Auditors, Fiscal Systems Specialists, Grants Administrators, Building Inspectors, and Project Coordinators. The clerical/administrative category comprises 41% of department staff. It includes Secretaries, Clerks, Management Aides and Assistants. Finally, approximately three percent of department staff are upper management. This category includes the General Manager, Assistant General Managers, Chief Management Analysts, Director of Systems, and Neighborhood Development's Senior Management Analyst II.

To achieve a similar mix of skills and experience among department staff in the new Harbor City, the 11 positions apportioned to the proposed Harbor City would consist of the following: 6 profession/technical positions, 4 clerical/administrative positions, and 1 management/specialists.

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**COMMUNITY DEVELOPMENT DEPARTMENT  
COMPOSITION OF WORKFORCE**

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| <u>Category</u>         | <u>Positions</u> | <u>Percent of<br/>Total</u> |
|-------------------------|------------------|-----------------------------|
| Professional/Technical  | 155              | 56.7%                       |
| Clerical/Administrative | 112              | 40.9%                       |
| Management/Specialists  | 7                | 2.5%                        |
| Total                   | 274              |                             |

Transfer of Equipment and Facilities

The department was asked, as part of the development of this analysis, to identify any assets that could not be divided for potential apportionment to the proposed Harbor City. The department has not identified any centrally located computer equipment and software that could not be divided and transferred to the new Harbor City and no other assets valued at more than \$100,000.

Transition of Service to New City

It is expected that the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for staff transferred to the new city and for the acquisition, development, or transfer of equipment and systems to the new Harbor City.

One potential problem that may hamper the transition of service to the new city is the ability to reprogram HUD entitlement funds in a timely manner. In order for the new city to be eligible for entitlement, HUD must have information that the new city is a "metropolitan city" (42USC, section 5302) and it must have access to the new city's demographic data from the Census Bureau. How HUD could get this information prior to the reorganization in order to calculate the Harbor City's entitlement (in time for the first program year) is unclear. Furthermore, in order for the new city to receive entitlement funds by a July 1 program year, it would have to submit an application for the funds by September 30 (FFY) of the previous year. Difficulties in complying with the HUD entitlement funding requirements could delay the receipt of funds by the new city. However, for the purposes of this analysis, it has been assumed that the new city would be able to meet the HUD funding requirements and receive entitlement funding by July 1, 2003.



### **Projected Expenditures**

The special reorganization would result in the transfer of 11 positions to the new Harbor City. The expected salary cost for the new department is estimated based on the proportion of employees transferred as of the fiscal year 2000-01 Budget.

On June 30, 2000, the City Council adopted a Motion (C.F. 00-1267) to approve the Program Year 2000-01 Budget for the Department of Labor Youth Opportunities Grant. The Budget approved by the Council and Mayor authorized 73 new positions exempt from Civil Service and 18 Civil Service positions, for a total of 91 new position authorities. It is assumed that these positions are accounted for in the department fiscal year 2000-01 organizational chart. Other than these increases, the department does not anticipate any significant changes to its staffing level during the planning period, or any changes to the level of service provided.

Non-salary personnel expenditures are also estimated based on the proportion of employees transferred.

### Contractual Services

The department contracts with outside vendors for various services including but not limited to information technology, graphics, photocopier rental and maintenance, specialized training programs, security, transportation for job training participants, marketing, architecture, grant writing, and sidewalk vending district management. The department's fiscal year 2000-01 allocation for contractual services is \$926,285. It is not expected that the department's need for contractual services will change significantly over the next five years. It is assumed for the purpose of this analysis that the new Harbor City's budget for contractual services will be proportional to the department's percent of total staffing transferred.

### **Projected Revenues**

The department has been historically funded primarily from the City's Community Development Trust Fund and from the Job Training Partnership Act Fund (now WIA). The new city would need to apply for its own entitlement funding as part of a Harbor City Consolidated Plan and WIA Five-Year Local Plan. It is assumed for the purposes of this analysis that the Harbor City would receive funding from its own Community Development Trust Fund and Workforce Investment Act Fund according to the percentages shown on Table R-8 in Appendix II of this report. The department also receives funding from the Community Services Administrative (CSA) Grant and UDAG. The CSA grant provides funds to alleviate the problems of poverty and to benefit low-income residents of the City. Program services are provided under contract by community-based delegate agencies. The City, acting as the Community Action Agency, conducts program planning, monitoring, assessment, and administrative activities. The new Harbor City will need to establish itself as a Community Action Agency in order to receive CSA grant funds directly. UDAG funding will be made at the discretion of the new Harbor City council.

With respect to General Fund revenue, it is assumed the Harbor City General Fund would support the new Harbor City Community Development Department for costs in excess of grant receipts. All general revenue receipts contributed by residents and businesses in the Harbor area would be contributed to the new city's General Fund in accordance with the applicant's proposal for special reorganization.



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**COMMUNITY DEVELOPMENT DEPARTMENT  
SOURCE OF FUNDS**

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|                                  | <b>FY00-01</b>       |
|----------------------------------|----------------------|
|                                  | <b><u>Budget</u></b> |
| General Fund                     | \$ 946,841           |
| Community Development Trust Fund | 9,552,467            |
| Community Services Admin. Grant  | 1,000,254            |
| Workforce Investment Act Fund    | 7,927,110            |
| UDAG                             | 102,103              |
| <b>Total Funds</b>               | <b>\$ 19,528,775</b> |

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In addition to grant funding, CDD also receives funding from program income. Many of the eligible activities under CDBG programs involve loans for economic development and housing construction and rehabilitation. These loans typically offer long-term repayment schedules. Revenues generated as a result of the repayment of these loans can only be used according to the terms and conditions of the original grant program, so program income from CDBG funds must be used according to CDBG program requirements.

The table below shows the amount of program income received from each of the study areas in fiscal year 1998-99, as estimated by the City. According to the City's analysis, projects in the Harbor area generated approximately 1.5% of the CDBG-related program income. Program income is not accounted for in the City's budget. It is assumed for that the City will be the custodian of program income that will be used to fund projects outside the City's budget.

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**CDBG PROGRAM INCOME  
FISCAL YEAR 1998-99**

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| <b><u>Study Area</u></b> | <b><u>CDBG</u></b>  |
|--------------------------|---------------------|
| San Fernando Valley      | \$ 3,471,550        |
| Los Angeles              | 8,896,431           |
| Harbor                   | 191,615             |
| <b>Total</b>             | <b>\$12,559,597</b> |

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Source: City of Los Angeles, *Final Geographic Revenue Analysis for Fiscal Year 1998-99*, February 2000, p. 97.

The following table represents General Fund departmental receipts. The department's gross receipts, \$6,599,559 in fiscal year 2000-01 dollars, represent its total cost recovery to the General Fund. It is assumed the new Harbor City's departmental receipts would be contributed to the Harbor City general fund. The City's receipts from the department are "fees" charged for related costs, primarily to the Community Development Trust Fund (Schedule 8) and Workforce Investment Act Fund (Schedule 22). It is assumed that the Harbor City would have its own special purpose funds upon direct receipt of CDBG funds, and would also charge for reimbursement of related costs (see Table E-7 in Appendix II). The amount of the General Fund departmental receipts that are currently generated by the Harbor area, as well as other General Fund receipts that would be contributed to the new city are discussed in section "Transfer of Revenue."



**COMMUNITY DEVELOPMENT DEPARTMENT  
GENERAL FUND DEPARTMENTAL RECEIPTS**

| <u>Revenue Source</u>              | <u>2000-01<br/>Budget</u> |
|------------------------------------|---------------------------|
| Rents and Concessions              | 0                         |
| Miscellaneous Revenues             | 0                         |
| Reimbursement from Other Funds     | 4,174,022                 |
| Special                            | 2,425,537                 |
| <b>Total Community Development</b> | <b>\$ 6,599,559</b>       |



## Controller

The Controller is the chief accounting and auditing officer in the City. In this capacity the Controller supervises all accounts of officers and boards, records and audits all receipts and disbursements, and protects appropriations against overdraft or expenditure for unauthorized purposes. The Controller also prepares payrolls, acts as custodian of all official bonds (except that of the Controller), and is responsible for all of the City's official financial reporting. The Controller is one of three City Officers elected to office (the other two are the Mayor and City Attorney).

The City Controller's Office does not provide services directly to the public. Instead, it serves an indirect support services role, in that its primary function is to support the City's other departments.

### **Distribution of Service within City**

All of the services provided by the Controller are provided through the Controller's offices located in downtown Los Angeles, primarily at 200 N. Main Street. Direct administrative support for the Controller is provided by staff that are centrally located at the Controller's offices. Centralized direct administrative support includes Budget and Personnel services and Controller's Archives.

### **Proposed Apportionment**

The proposed apportionment seeks to transfer to the new Harbor City responsibility for the services the Harbor currently receives from the Controller. Such an apportionment could be accomplished by transferring to the new Harbor City: (1) those department staff that, as of fiscal year 2000-01, provide services to the Harbor, with the exception of department personnel responsible for centralized information systems, as it is envisioned that these employees would perform this work under the terms of a contract agreement between the City of Los Angeles and the Harbor City; and (2) a proportionate share of the department's centralized administrative and operational equipment and other assets, with the exception of centralized information systems that cannot feasibly be transferred.

### Transfer of City Personnel

In order to estimate the number of department staff providing services to the Harbor, a review of the differing functions and mandates of the department has been undertaken. The staffing attributable to the Harbor can be estimated based on the potential demand for services provided in the Harbor.

For fiscal year 2000-01 the Controller has 171 budgeted positions. The department is divided into six divisions, the functions of which are described in the table below.

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#### **CONTROLLER INTERNAL DIVISION FUNCTIONS**

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| <b><u>Division</u></b>     | <b><u>Function</u></b>                                                                                                                        |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Management                 | Overall department management and oversight.                                                                                                  |
| Accounting & Disbursements | Responsible for appropriations, demand auditing, payroll, check reconciliation, Paymaster processing, and the City's Purchasing Card program. |
| Auditing                   | Conducts independent audits of the financial operations of City departments.                                                                  |
| Financial Reporting        | Prepares City financial statements and reports.                                                                                               |
| Managerial Services        | Provides administrative staff support for the department.                                                                                     |
| Systems                    | Responsible for information systems, including fiscal systems, FMIS, technical support, and payroll and procurement systems.                  |

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Based on the functions of each division, measures of workload and service needs have been identified that can be used to estimate the proportion of each departmental division providing service to the Harbor. As shown in the table below, a total of 5 positions would be transferred to the new



Harbor City, excluding those positions that currently provide services to the Harbor but, as will be discussed in more detail below, are envisioned to remain with the City of Los Angeles while providing services to the Harbor on a contractual basis. A special reorganization would thus result in 5 positions, or roughly 2.9% of the department's staff, being transferred to the new Harbor City.

Positions from three divisions within the Controller's Office that carry out the department's central activities – Accounting and Disbursements, Auditing, and Financial Reporting – are allocated to the Harbor on the basis of the number of total City personnel that would transfer to the proposed Harbor City. This allocation is calculated by multiplying the proportion of personnel that would transfer to the Harbor by the number of positions in that division.

Positions in the Management and Managerial Services, which support the central activities carried out by the department's other divisions, are allocated to the Harbor so that the new Harbor department would have the same personnel ratio for these divisions as currently staffed by the City. Given the small number of positions in the Management Services, however, this apportionment method results in no positions from this division being transferred to the new Harbor City.

Finally, no positions in the Systems divisions are apportioned to the Harbor. This is because it is assumed in this report that for both financial and technological reasons, the Harbor City will initially contract for its major information systems with the City of Los Angeles. Among these major information systems are the Financial Management Information System (FMIS) and the Payroll system, both of which are based within the Controller's Office.

#### **CONTROLLER ALLOCATION OF WORKLOAD AND PERSONNEL**

| <u>Division</u>            | <u>Allocation Method</u>         | <u>Positions*</u> | <u>Harbor Allocation</u> |
|----------------------------|----------------------------------|-------------------|--------------------------|
| Management                 | Proportion of employees          | 11                | 0                        |
| Accounting & Disbursements | Proportion of citywide employees | 76                | 3                        |
| Auditing                   | Proportion of citywide employees | 37                | 1                        |
| Financial Reporting        | Proportion of citywide employees | 16                | 1                        |
| Managerial Services        | Proportion of employees          | 9                 | 0                        |
| Systems                    | Staff not transferred            | 22                | 0                        |
| Total                      |                                  | 171               | 5                        |

\* Number of positions per division based on the 2000-01 organization chart. Discrepancies between the number of budgeted positions for fiscal year 2000-01 and the number of positions on the organization chart were reconciled to match the number of budgeted positions.

The current organizational structure of the department appears, for the most part, to contain resources at all job classifications to allow for a transfer of the identified number of positions that serve the Harbor without significantly burdening the City of Los Angeles. As shown in the table below, the department employs a sufficient level of professional/technical and administrative/support staff for a transfer of positions to occur while maintaining a sufficient level of service.

The transfer of specialist staff, however, may be an issue that needs to be addressed. Presumably, both the City's remaining Controller's Office and the new Office created in the Harbor city will require a Controller (or equivalent) position to lead the department. Since the Office currently has only one Controller, it may be necessary to hire an additional Controller, or promote a current staff member to this leadership position, if a special reorganization occurs. For the purposes of this report, it is assumed that the Harbor City would hire, or obtain through an election, a new City Controller.



**CONTROLLER  
CURRENT COMPOSITION OF STAFF**

| <u>Division</u>               | <u>Total<br/>Positions</u> | <u>Professional/Technical</u> |                            | <u>Administrative/Support</u> |             | <u>Specialists</u> |             |
|-------------------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|-------------|--------------------|-------------|
|                               |                            | <u>No.</u>                    | <u>Type</u>                | <u>No.</u>                    | <u>Type</u> | <u>No.</u>         | <u>Type</u> |
| Management                    | 11                         | 3                             | Director                   | 3                             | Clerk       | 1                  | Controller  |
|                               |                            | 1                             | Analyst                    | 2                             | Secretary   |                    |             |
|                               |                            | 1                             | Auditor                    |                               |             |                    |             |
| Accounting &<br>Disbursements | 76                         | 29                            | Accountant                 | 35                            | Clerk       |                    |             |
|                               |                            | 9                             | Supervisor                 | 1                             | Secretary   |                    |             |
|                               |                            | 1                             | Analyst                    |                               |             |                    |             |
|                               |                            | 1                             | Specialist                 |                               |             |                    |             |
| Auditing                      | 37                         | 2                             | Director                   | 1                             | Clerk       |                    |             |
|                               |                            | 2                             | Controller                 | 1                             | Secretary   |                    |             |
|                               |                            | 17                            | Analyst                    |                               |             |                    |             |
|                               |                            | 12                            | Auditor                    |                               |             |                    |             |
|                               |                            | 2                             | Accountant                 |                               |             |                    |             |
| Financial<br>Reporting        | 16                         | 1                             | Officer <sup>1</sup>       |                               |             |                    |             |
|                               |                            | 3                             | Analyst                    |                               |             |                    |             |
|                               |                            | 11                            | Accountant                 |                               |             |                    |             |
|                               |                            | 1                             | Auditor                    |                               |             |                    |             |
| Management<br>Services        | 9                          | 3                             | Analyst                    | 4                             | Clerk       |                    |             |
|                               |                            | 2                             | Wh/Tr<br>wkr. <sup>2</sup> |                               |             |                    |             |
| Systems                       | 22                         | 2                             | Analyst                    | 6                             | Clerk       |                    |             |
|                               |                            | 6                             | Engr.<br>Tech.             |                               |             |                    |             |
| Total                         | 171                        | 122                           |                            | 48                            |             | 1                  |             |

<sup>1</sup> Refers to GAAP Compliance Officer

<sup>2</sup> Refers to Warehouse/Toolroom Worker

**Transfer of Equipment and Facilities**

The department has neither any facilities located in the Harbor nor any special equipment, and therefore a special reorganization would result in no transfer of special equipment or facilities to the new Harbor City.

**Transition of Service to New City**

It is assumed the City could transfer all required staffing necessary for the Controller to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

**Projected Expenditures**

The department's projected expenditures for fiscal year 2000-01 are roughly \$11.8 million. As shown in the table below, the majority of department expenditures (roughly 86%) are for staff salaries. The majority of department expenses (\$3.4 million) are for the administration of City elections.



**CITY OF LOS ANGELES – CONTROLLER  
USES OF FUNDS**

| <u>Uses of Funds</u>      | <u>2000-01<br/>Budget</u> |
|---------------------------|---------------------------|
| Expenditures:             |                           |
| Salaries                  | \$ 10,070,408             |
| Expenses                  | 1,253,052                 |
| Equipment                 | 87,889                    |
| Interdepartmental Charges | 340,113                   |
| <br>Total Expenditures    | <br>\$ 11,751,462         |

In estimating expenditures for the Controller in the new Harbor City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Harbor with Controller services is estimated to require 5 positions throughout the entire planning period. The expected salary, expenses, and equipment cost for a new Harbor City department is estimated to be proportional to the City's fiscal year 2000-01 budget, based on the number of budgeted positions transferred.

**Contractual Services**

For fiscal year 2000-01, the department has budgeted \$1.3 million for contractual services, representing 10.7% of its total budget. The department's contractual services include auditing services and other professional services that are expected to be needed by the new Harbor City. Contractual services expenses for the Harbor City are assumed equal to a percentage of the City's fiscal year 2000-01 amount, based on the total number of department staffing transferred to the Harbor City, adjusted for inflation.

As discussed above, however, this report assumes that the Harbor will contract with the City of Los Angeles for major information technology services, including the FMIS and Payroll systems. It is estimated that these contract services will cost the Harbor the equivalent of 1 position, which is based on assuming 2.9% of the 22 positions in the Systems division (rounded to the nearest integer) will provide the Harbor with contractual services. Given an average per-employee salary in the department of \$58,891,<sup>21</sup> and an overhead ("CAP") rate of 104.8%,<sup>22</sup> the Harbor's annual contract cost for these services is estimated to be \$120,632.

**Projected Revenues**

The ability of the new Harbor City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Controller in the new Harbor City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the department are transferable to the Harbor.

The City of Los Angeles has historically funded the department primarily from the General Fund, but has also relied on several other sources of funds. The table below shows the department's sources of funds for fiscal year 2000-01.

<sup>21</sup> Based on "City of Los Angeles Budget, Fiscal Year 2000-01."

<sup>22</sup> CAP Rate calculated using City of Los Angeles 2000-01 indirect cost rates for Controller employees, assuming employees remain in City facilities to provide services. The rate consists of the sum of the Fringe Benefit rate (18.98%), Central Services (31.37%), and Department Administration and Support (54.49%).



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**CITY OF LOS ANGELES – CONTROLLER  
SOURCES OF FUNDS**

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| <u>Sources of Funds</u>                      | <u>2000-01<br/>Budget</u> |
|----------------------------------------------|---------------------------|
| City Funds:                                  |                           |
| General Fund                                 | \$ 11,211,737             |
| Community Development Trust Fund (8)         | 110,745                   |
| HOME Investment Partnership Fund (9)         | 30,753                    |
| Sewer Construction and Maintenance Fund (14) | 231,716                   |
| Workforce Investment Act Fund (22)           | 52,134                    |
| Proposition A Local Transit Fund (26)        | 46,693                    |
| Procurement Reengineering Trust Fund (32)    | 67,684                    |
| Total                                        | <u>\$ 11,751,462</u>      |

Of all the revenue sources listed above, the only one assumed to be not transferable to the Harbor is the Sewer Construction and Maintenance Fund. This Fund is assumed non-transferable because for the purposes of this report, it is envisioned that the City of Los Angeles would retain ownership of all elements of the current sewer system. (See section "Public Works – Bureau of Sanitation, Projected Revenues" for a more detailed discussion of the proposal for sewer system assets.) For those revenue sources that would be transferred to the Harbor, the amount transferred is based on the percentages shown on Table R-8 in Appendix II of this report.

Another element of the new Harbor City's ability to fund its operations is the amount of funds each department generates on behalf of the General Fund. In fiscal year 2000-01, the Controller's Office in the City of Los Angeles generated \$2.2 million in "departmental receipts" for the City's General Fund. It is assumed the Harbor City would generate its own departmental receipts based on the percentages shown in Appendix II.



## **Council**

The Council is the governing body of the City except as otherwise provided in the Charter, and enacts ordinances subject to the approval or veto of the Mayor. It orders elections, levies taxes, authorizes public improvements, approves contracts, and adopts traffic regulations. The Council adopts or modifies the budget proposed by the Mayor and provides the necessary funds, facilities, equipment, and supplies. It creates positions, fixes salaries, and authorizes the number of employees in budgetary departments. The Council confirms or rejects appointments proposed by the Mayor, prescribes duties for boards or officers not defined by Charter, and may suspend elective officers.

## **Distribution of Service within City**

Each Council member provides direct services to the public through his or her City Hall office and maintains geographically disbursed district office(s) that provide constituent services. Staff at the downtown office is generally responsible for policy development, supervision and management of various special projects, and legislative initiatives for the district. Additional responsibilities include managing the Council Office's communications, outreach, and community education, crafting policy recommendations on important issues, and general office administrative duties. District office staff is responsible for managing overall constituent services, community outreach, oversight of special projects, and the internal operation of the office.

## **Proposed Apportionment**

In the event of a Harbor area special reorganization, the new Harbor City would elect 5 new council members. Support staff for the Harbor City council could be hired new, or transferred from the City of Los Angeles. Given that Los Angeles City Council Members representing districts in the Harbor area may experience a reduction in workload in the event of Harbor area special reorganization, it is assumed the a proportional share of the resources expended on Council Member staff and administrative support would be transferred to the new Harbor City council.

Although the staffing to be allocated to the proposed Harbor City can be estimated based on the proportion of population residing in the Harbor area, the City Charter encumbers the transfer of Council members. Article II Section 204 (e) of the current City Charter circumscribes the effect of redistricting on incumbents.

No change in the boundary or location of any district by redistricting shall operate to abolish or terminate the term of office of any member of the Council prior to expiration of the term of office for which the member was elected.<sup>23</sup>

Upon a Harbor area special reorganization, the new remaining City of Los Angeles may be redistricted into 15 distinct districts with, as nearly as practical, an equal proportion of the total city population as mandated by the City Charter.<sup>24</sup> Given the above caveat regarding incumbents, the current Council member representing the Harbor area would be able to retain their elective office until the expiration of their term. In effect they would lose their constituent base, but remain on the council as "Council Members-At-Large." Since Council members are elected to four-year terms at biennial elections in odd-numbered years, alternating between odd and even numbered districts, the City Council Member representing the Harbor area may remain on the Council until 2005. Certain of these council members, however, may resign their seats in order to run for council seats for the new Harbor City, and those abandoned seats on the City Council would have to be re-filled.

## **Transfer of City Personnel**

As mandated by the City Charter, each of the fifteen districts currently contains, as nearly as practicable, one fifteenth of the City's total population.<sup>25</sup> Given that the District boundaries are based

<sup>23</sup> Charter of the City of Los Angeles as adopted on June 8, 1999, Article II Section 204 (e)

<sup>24</sup> Charter of the City of Los Angeles as adopted on June 8, 1999, Article II Section 204 (a)

<sup>25</sup> Charter of the City of Los Angeles 1990 Ed. 8<sup>th</sup> Revision with Amendments to and including those approved in the Special Municipal Election of November 3, 1998. Article II Section 6 (2) (a)



on population, the staffing to be allocated to the Harbor area can be estimated based on the new Harbor City's proportion of the total population, 4.12%.

For fiscal year 2000-01 the Council has 108 budgeted positions, which include the 15 council members, and a relatively large budget appropriation for as needed positions. While not formally divided into divisions, the Council's staff can be placed in three categories, as listed in the table below.

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**COUNCIL  
INTERNAL DIVISION FUNCTIONS**

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| <u>Division/Category</u> | <u>Function</u>                                      |
|--------------------------|------------------------------------------------------|
| Management               | Provide overall management and supervision.          |
| Analytical               | Provide overall legislative and management analysis. |
| Staff                    | Carries out Council duties and programs.             |

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Based on the nature of the Council's functions, population is used as a measure of service needs in the Harbor area. Using the estimated Harbor area population of 4.12% of the entire City, it is estimated that a total of 4 positions (4.12% of 93 budgeted positions, excluding Council Members) currently provide service to the Harbor area. If unhindered by the Charter, a special reorganization would therefore result in 4 budgeted positions to the new Harbor City.

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**COUNCIL  
ALLOCATION OF WORKLOAD AND PERSONNEL**

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| <u>Division</u> | <u>Allocation Method</u> | <u>Positions</u> | <u>Harbor Allocation</u> |
|-----------------|--------------------------|------------------|--------------------------|
| Management      | Population*              | 19               | 1                        |
| Analytical      | Population               | 78               | 3                        |
| Administrative  | Population               | 11               | 0                        |
| Total           |                          | 108              | 4                        |

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\* Applied to division excluding Council Members.

The proportion of budgeted staff assumed transferred to the Harbor City is also assumed for the department's estimated 31 as needed positions.

Sufficiency of Staff Transferred to Harbor Area and Retained by the City of Los Angeles

For most City departments, an analysis has been undertaken as part of this fiscal analysis to assess whether a sufficient number of qualified personnel would be transferred to the new Harbor City and retained by the City of Los Angeles. As shown in the table below, of the Council's current 108 budgeted positions, 37 are professional/technical, 56 are administrative/support, and 15 are Council Members. It has been assumed in this fiscal analysis that the City's Council Members would not be apportioned, and the Harbor City would elect 5 new council members in the Harbor area.

To achieve a roughly similar mix of skills and experience among Council staff in the new Harbor City, the 4 budgeted positions allocated to the Harbor area would consist of 2 professional/technical positions and 2 administrative/support positions.



**COUNCIL  
CURRENT COMPOSITION OF STAFF**

| <u>Division</u>  | <u>Total<br/>Positions</u> | <u>Professional/Technical</u> |                                      | <u>Administrative/Support</u> |                 | <u>Specialists</u> |                   |
|------------------|----------------------------|-------------------------------|--------------------------------------|-------------------------------|-----------------|--------------------|-------------------|
|                  |                            | <u>No.</u>                    | <u>Type</u>                          | <u>No.</u>                    | <u>Type</u>     | <u>No.</u>         | <u>Type</u>       |
| Management       | 19                         | 1                             | Chief<br>Legislative<br>Analyst      |                               |                 | 15                 | Council<br>Member |
|                  |                            | 3                             | Asst Chief<br>Legislative<br>Analyst |                               |                 |                    |                   |
| Analytical       | 78                         | 33                            | Analyst                              | 45                            | Council Aide    |                    |                   |
| Staff            | 11                         |                               |                                      | 11                            | Clerk/Secretary |                    |                   |
| Total            | 108                        | 37                            |                                      | 56                            |                 | 15                 |                   |
| Percent of Total |                            | 34.2%                         |                                      | 51.9%                         |                 | 13.9%              |                   |

**Transfer of Equipment and Facilities**

The Council administers its programs through its main office and the District offices. However, the Council does not own any equipment valued at over \$100,000 at its main office or at any of the locations at which it administers programs. Therefore, the special reorganization would not result in a transfer of equipment or facilities to the Harbor area.

**Projected Expenditures**

The expected salary, equipment, and expense costs for the new Harbor City council are estimated based on the proportion of fiscal year 2000-01 budgeted personnel transferred. The Council does not expect any significant changes to its staffing level during the planning period, or any changes to the level of service provided.

As no Los Angeles City Council Members are assumed transferred, a new Harbor City council would be comprised of an additional 5 paid positions. The additional cost of the Harbor City council is estimated using the budgeted annual salary as of fiscal year 2000-01 for Los Angeles City Council Members. A discussion of all additional staffing positions required by the Harbor City and not transferred from the City is provided in section "Harbor City Start-Up Costs."

**Contractual Services**

The Council as operated by the City does not utilize contractual services valued at over \$100,000. It is not assumed as part of this analysis that the Harbor City Council would require the use of contractual services.

**Projected Revenues**

The Council has been historically funded primarily from the City's General Fund and does not receive any grant funding. It is assumed that the Harbor City would support its own Council exclusively from its general funds.



## **Cultural Affairs**

The Cultural Affairs Department supports cultural activities such as art exhibitions, community art events, special events, and arts classes. The department often partners with non-profit organizations that administer and coordinate these programs. The department serves under the direction of two commissions, the Cultural Affairs Commission (CAC) and the Cultural Heritage Commission (CHC). The CAC approves the design of buildings, bridges, and other structures that are constructed on or over City property, and, together with department staff, administers the City's Percent for Arts/Endowment Fund. The functions of the CHC include determining whether individual properties meet the criteria for historical or cultural landmark designation, providing property owners with technical assistance in balancing proposed change with architectural preservation, and working with civic groups to preserve monuments.

### **Distribution of Service within City**

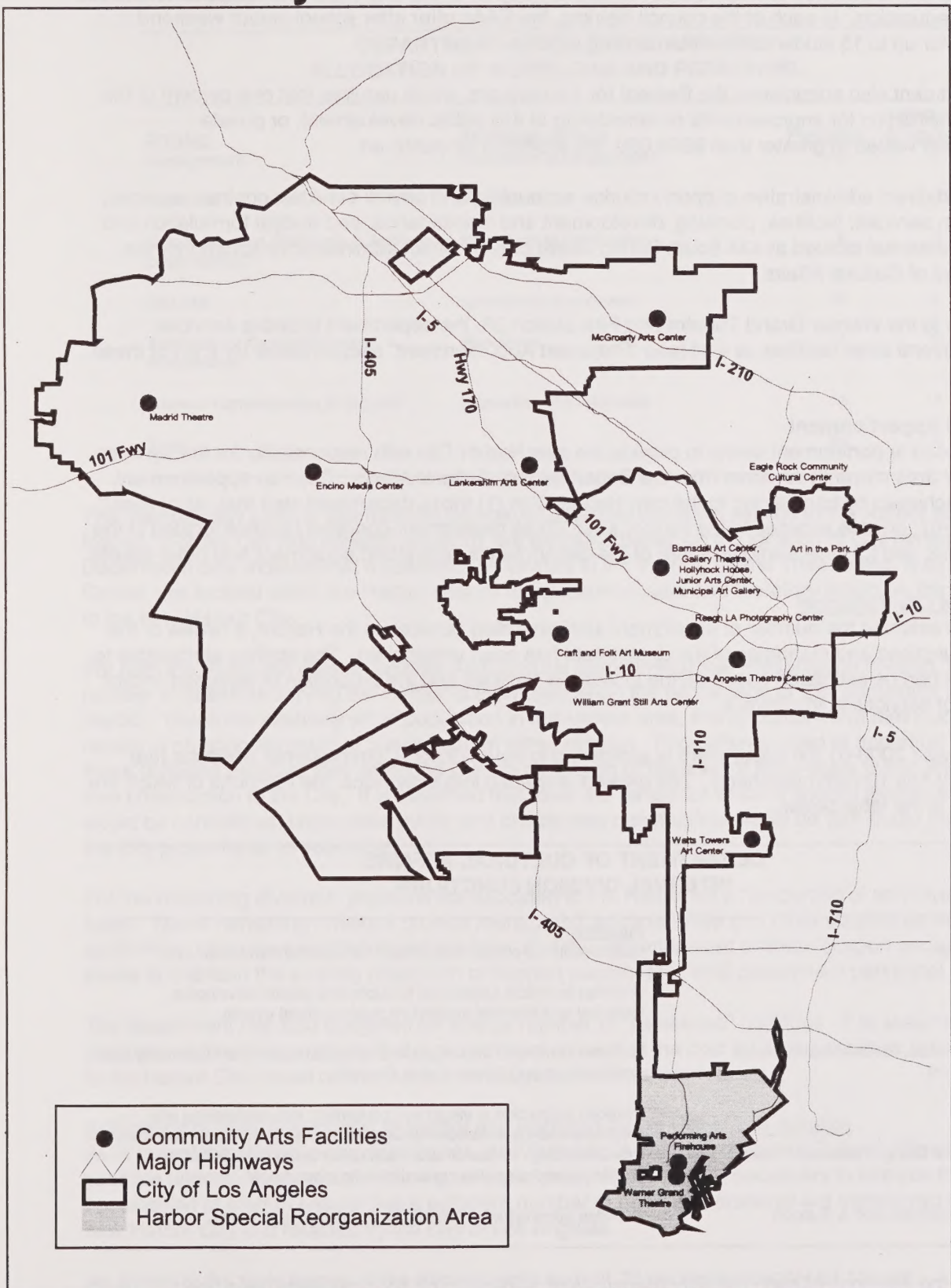
Many of the direct services provided by the department, including the City Arts program, are available through Community Arts Centers and theatre houses located throughout the City. The specific functions of each division within the department are described briefly in section "Cultural Affairs Department – Proposed Apportionment" below. As of fiscal year 1999-00, the City operated 11 Community Arts Centers and five theater complexes. Two of these facilities, the Warner Grand Theatre and Performing Arts Firehouse Station 53, are located within the boundaries of the proposed Harbor area of special reorganization.<sup>26</sup> A map identifying the location of each Community Art Center and theatre complex is provided below.

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<sup>26</sup> Planned for construction in the Harbor area is Bannings Landing Community Arts facility.



# City of Los Angeles Community Arts Centers and Theatres





The City Arts Program provides instruction in visual and performing arts, performing arts programs and art exhibitions at City facilities and community locations. The Electronic Arts Academies (EAAs) is one example of services offered at these facilities. They involve youth between the ages of 10-13 in media art education. In each of the council districts, the EAAs offer after school and/or weekend programs for up to 15 students from surrounding schools.

The department also administers the Percent for Art program, which requires that one percent of the cost of construction for improvements or remodeling of any public development, or private development valued at greater than \$500,000, are allocated for public art.

Centralized direct administrative support includes accounting and payroll services; contract services; information services; facilities, planning, development and maintenance; and budget formulation and control. Personnel located at 433 South Spring Street provide direct administrative support for the Department of Cultural Affairs.

In addition to the Warner Grand Theatre and Fire Station 53, the department provides services through several other facilities as well (see "Proposed Apportionment" section below for a list of these facilities).

### **Proposed Apportionment**

The proposed apportionment seeks to provide the new Harbor City with responsibility for the services the Harbor area currently receives from the Department of Cultural Affairs. Such an apportionment could be achieved by transferring to the new Harbor City: (1) those department staff that, as of fiscal year 2000-01, provide services to the Harbor area; (2) all department-operated facilities located in the Harbor area; and (3) a proportional share of the department's centralized equipment and other assets.

### **Transfer of City Personnel**

In order to estimate the number of department staff providing services to the Harbor, a review of the differing functions and mandates of the department has been undertaken. The staffing attributable to the Harbor can be estimated based on the location of facilities and the proportion of workload and/or demand for services in the Harbor.

For fiscal year 2000-01 the department is authorized to have 78 non-Commissioner positions (the department has 12 commissioners). The division is divided into 6 divisions, the functions of which are described in the table below.

#### **DEPARTMENT OF CULTURAL AFFAIRS INTERNAL DIVISION FUNCTIONS**

| <b><u>Division</u></b>                         | <b><u>Function</u></b>                                                                                                                       |
|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| Management                                     | Responsible for overall department management and oversight.                                                                                 |
| Public Art                                     | Provides technical assistance to public and private developers; technical and financial support for public cultural events.                  |
| Communication, Resource & Audience Development | Provides seminars, workshops and technical support to community arts organizations and Regional Arts Councils.                               |
| City Arts                                      | Provides instruction in visual and performing arts, performing arts programs and art exhibitions at City facilities and community locations. |
| Architectural Design/Historical Preservation   | Provides design review of structures constructed over or on City property and designates cultural/historic monuments.                        |
| General Administration & Support               | Provides administrative support for the entire department.                                                                                   |

Based on the functions of each division, measures of workload and service needs have been identified that can be used to estimate the proportion of each departmental division providing service



to the Harbor. As shown in the table below, it is estimated that a total of 6 positions currently provide services to the Harbor. A special reorganization would therefore result in 6 positions, or 7.6% of the department's current staff, being transferred to the new Harbor City.

**DEPARTMENT OF CULTURAL AFFAIRS  
ALLOCATION OF WORKLOAD AND PERSONNEL**

| <u>Division</u>                                | <u>Allocation Method</u> | <u>Positions</u> | <u>Harbor Allocation</u> |
|------------------------------------------------|--------------------------|------------------|--------------------------|
| Management                                     | Proportion of Employees  | 9                | 1                        |
| Public Art                                     | Population               | 8                | 0                        |
| Communication, Resource & Audience Development | Proportion of Employees  | 6                | 0                        |
| City Arts                                      | Location of employees    | 36               | 4                        |
| Architectural Design/Historical Preservation   | Population               | 4                | 0                        |
| General Administration & Support               | Proportion of Employees  | 16               | 1                        |
| Total                                          |                          | 79               | 6                        |

The methodology used to estimate the number of positions providing service to the Harbor area is as follows. For the City Arts division, positions are allocated based on the location of City personnel. Department data indicate that 4 positions, all located at the Warner Grand Theatre and Warner Art Center, are located within the Harbor special reorganization area and therefore would be transferred to the new Harbor City.

For both the Public Art division and the Architectural Design/Historical Preservation division, the number of positions serving the Harbor is estimated using the percentage of City population in the Harbor. Given the relatively small population in the Harbor area, this apportionment methodology results in no apportionment of positions from either division. Population is used to apportion staff in these divisions because their workload is likely a function of the level of large-scale public and private new construction in the City. It is assumed that, over the period for which a special reorganization would be considered, large-scale public and private new construction would be distributed throughout the City proportional to population.

For the remaining divisions, positions are allocated to the Harbor on a "proportion of employees" basis. These remaining divisions provide managerial, administrative and other support services to the department divisions providing direct services, and the apportionment of these support personnel seeks to maintain the existing proportion of support personnel to total department personnel.

The department has also budgeted for a large number of "as needed" positions. It is assumed for the purposes of this fiscal analysis that a proportional amount of the cost for these positions is transferred to the Harbor City based on the number of budgeted staff transferred.

Sufficiency of Staff Transferred to Harbor and Retained by the City of Los Angeles

As is true of the staff in every department, staff throughout the Department of Cultural Affairs does not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the current composition of staff to ensure that a sufficient number of qualified personnel are transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the department's current 79 positions, roughly 67.1% are professional/technical, 29.1% are administrative/support, and 3.8% are, based on the City's description of positions, best characterized as specialists. To achieve a roughly similar mix of skills



and experience among department staff in the new Harbor City, the 6 positions allocated to the Harbor would consist of the following categories of personnel: 4 professional/technical, 2 administrative/support, and 0 specialists.

**DEPARTMENT OF CULTURAL AFFAIRS  
CURRENT COMPOSITION OF STAFF**

| <u>Division</u>                                | <u>Total<br/>Positions</u> | <u>Professional/Technical</u> |             | <u>Administrative/Support</u> |             | <u>Specialists</u> |                       |
|------------------------------------------------|----------------------------|-------------------------------|-------------|-------------------------------|-------------|--------------------|-----------------------|
|                                                |                            | <u>No.</u>                    | <u>Type</u> | <u>No.</u>                    | <u>Type</u> | <u>No.</u>         | <u>Type</u>           |
| Management                                     | 9                          | 2                             | Manager     | 1                             | Secretary   | 1                  | G. Manager            |
|                                                |                            | 2                             | Director    | 1                             | Clerk       | 1                  | Architect             |
|                                                |                            | 1                             | Analyst     |                               |             |                    |                       |
| Public Art                                     | 8                          | 4                             | Manager     | 2                             | Clerk       |                    |                       |
|                                                |                            | 2                             | Associate   |                               |             |                    |                       |
| Communication<br>, Resource &<br>Audience Dev. | 6                          | 1                             | Manager     | 1                             | Clerk       | 1                  | Designer <sup>1</sup> |
|                                                |                            | 2                             | Associate   |                               |             |                    |                       |
|                                                |                            | 1                             | Specialist  |                               |             |                    |                       |
| City Arts                                      | 36                         | 6                             | Director    | 13                            | Clerk       |                    |                       |
|                                                |                            | 7                             | Instructor  |                               |             |                    |                       |
|                                                |                            | 7                             | Coordinator |                               |             |                    |                       |
|                                                |                            | 1                             | Preparator  |                               |             |                    |                       |
|                                                |                            | 2                             | Curator     |                               |             |                    |                       |
| Architectural<br>Design/His<br>Preservation    | 4                          | 1                             | Associate   | 1                             | Clerk       |                    |                       |
|                                                |                            | 1                             | Assistant   |                               |             |                    |                       |
|                                                |                            | 1                             | Curator     |                               |             |                    |                       |
| General Admin<br>& Support                     | 16                         | 6                             | Analyst     | 3                             | Clerk       |                    |                       |
|                                                |                            | 5                             | Accountant  | 1                             | Secretary   |                    |                       |
|                                                |                            | 1                             | Supervisor  |                               |             |                    |                       |
| Total                                          | 79                         | 53                            |             | 23                            |             | 3                  |                       |
| Percent of Total                               |                            | 67.1%                         |             | 29.1%                         |             | 3.8%               |                       |

<sup>1</sup> "Designer" refers to Graphic Designer

Given its current mix of position categories, the department appears to contain sufficient staff at all job classifications to allow for such a transfer without significantly burdening the City of Los Angeles. The Harbor City would not, however, be apportioned any staff from the "specialist" category. This category includes one senior management position – the Executive Director – and two specialty positions – an Architect and a Graphic Designer – of which the department has only one of each. It is assumed an additional Executive Director can be supplied from within the department's current staff to ensure that both the Harbor City and the City of Los Angeles have the management resources necessary to provide a sufficient level of service. It is not assumed, however, that the new Harbor City will hire an Architect or a Graphic Designer.

Transfer of Equipment and Facilities

As proposed, the special reorganization would result in all City-owned facilities located in the Harbor area being transferred to the new Harbor City. These facilities are listed in the table below.



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**DEPARTMENT OF CULTURAL AFFAIRS**  
**DEPARTMENT FACILITIES LOCATED IN THE HARBOR SPECIAL REORGANIZATION AREA**

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| <u>Name</u>                     | <u>Address</u>                           | <u>Facility Type</u>                                    |
|---------------------------------|------------------------------------------|---------------------------------------------------------|
| Warner Grand Theatre            | 478 W. 6 <sup>th</sup> Street, San Pedro | Community Arts & Cultural Center                        |
| Performing Arts Fire Station 53 | 438 N. Mesa, San Pedro                   | Community Arts & Cultural Center                        |
| Croatian Cultural Center        | 643 S. Pacific Ave., San Pedro           | Cultural Center                                         |
| Bannings Landing                | Harry Bridges Blvd., Wilmington          | Community Arts & Cultural Center<br>(to be constructed) |

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Another category of assets managed by the department is the City Art Collection. The City Art Collection is composed of between 2,000 and 3,000 artworks that have been acquired through gift, purchase and extended loan since the beginning of this century. The collection includes sculptures, paintings, drawings, photographs, and textiles. The artwork is located in over 100 municipal buildings, offices, parks, community centers, libraries, and the Getty House, with less than 10% of it in storage. The City has never undertaken a professional appraisal of the Art Collection; however, the department has estimated its potential value at greater than \$5 million.<sup>27</sup>

For the purposes of this analysis, it has generally been assumed that the assets, which support the municipal services to be provided by the new city, would be transferred without payment. Additionally, it is assumed that assets not used to support the municipal services that would transfer as a result of a special reorganization would not be apportioned between the City and proposed Harbor City (see “Apportionment Methodology – Assets”). Consistent with these assumptions, it is assumed that, except for murals that are affixed to facilities, no piece of the City Art Collection would be apportioned to the Harbor City.

#### Transition of Service to New City

It is assumed the City could transfer all required staffing necessary for the Community Centers and Theatres and functionally operate within an 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information systems.

#### **Projected Expenditures**

The special reorganization would result in the transfer of 6 positions, or 7.6% of total department staff, to the new Harbor City. The expected salary, equipment, and expense cost for the new department is estimated to be proportional to the City's fiscal year 2000-01 budget, based on the number of budgeted positions transferred. The department does not expect any significant changes to its staffing level during the planning period, or any changes to the level of service provided. Non-salary personnel expenditures are also estimated based on the proportion of employees transferred.

With respect to capital expenditures, the table below lists department facilities with ongoing and /or planned construction projects.

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<sup>27</sup> City of Los Angeles Cultural Affairs Department, “Council File No. 00-1882: The City Art Collection,” November 14, 2000.



**DEPARTMENT OF CULTURAL AFFAIRS**  
**Ongoing or Planned Construction to Existing Facilities of Over \$100,000**

| <u>Facility</u>                                                   | <u>Council District</u> | <u>Area</u> | <u>Budget Estimate</u> | <u>Status</u> | <u>Purpose</u>              | <u>Fund</u> | <u>Notes</u>           |
|-------------------------------------------------------------------|-------------------------|-------------|------------------------|---------------|-----------------------------|-------------|------------------------|
| Warner Grand Theater                                              | 15                      | Harbor      | \$ 200,000             | Ph III        | Renovation                  | CDBG        |                        |
| Watts Towers of Simon Rodia                                       | 15                      | LA          | 240,000                | FY 02         | Repairs                     | Fund 480    |                        |
| Croatian Cultural Center                                          | 15                      | Harbor      | 400,000                | FY 01         | Renovation/<br>Adaptive Use | CDBG        |                        |
| Barnsdall Art Park                                                | 13                      | LA          | 9,000,000              | FY 01         | Landscaping                 | R&P – MTA   |                        |
| Barnsdall Art Center                                              | 13                      | LA          | 1,500,000              | FY 01-03      | Repairs                     | GSD         |                        |
| Hollyhock House & Garage                                          | 13                      | LA          | 11,000,000             | FY 01-03      | FEMA                        | R&P         | HHH \$10M,<br>Gar \$1M |
| Junior Arts Center                                                | 13                      | LA          | 200,000                | FY 01         | ADA &<br>Repairs            | GSD         |                        |
| Municipal Art Gallery                                             | 13                      | LA          | 500,000                | FY 01         | ADA &<br>Repairs            | GSD         |                        |
| Barnsdall Gallery Theater                                         | 13                      | LA          | 155,000                | FY 01         | ADA &<br>Repairs            | GSD         |                        |
| William Grant Still Art Center                                    | 10                      | LA          | 300,000                | FY 02         | Classroom                   | CDBG        |                        |
| Art-In-The-Park Center (Lalo Guerrero Music School)               | 14                      | LA          | 260,000                | FY 01         | Renovation                  | CDBG        |                        |
| Wm. Reagh Los Angeles Photography Center (EAA)                    | 1                       | LA          | 300,000                | FY 02         | Classroom                   | CDBG        |                        |
| Downtown (Engine Co. 23) Junior Arts Center                       | 9                       | LA          | 2,300,000              | FY 02         | Plans                       | Prop K      |                        |
| Lincoln Heights Junior Arts Center                                | 1                       | LA          | 1,000,000              | FY 05         | Plans                       | Prop K      | Future Bonds           |
| Oakwood Junior Arts Center                                        | 6                       | LA          | 500,000                | FY 05         | Plans                       | Prop K      | Future Bonds           |
| Manchester Junior Arts Center                                     | 8                       | LA          | 1,800,000              | FY 05         | Plans                       | Prop K      | Future Bonds           |
| Highland Park Junior Arts Center                                  | 14                      | LA          | 1,800,000              | FY 05         | Plans                       | Prop K      | Future Bonds           |
| Canoga Park Junior Arts Center                                    | 3                       | Valley      | 1,800,000              | FY 01         | Refurbish                   | Prop K      |                        |
| Sun Harbor Junior Arts Center                                     | 7                       | Valley      | 1,060,000              | FY 02         | Refurbish                   | Prop K      |                        |
| <b>Total</b>                                                      |                         |             | <b>\$34,315,000</b>    |               |                             |             |                        |
| <b>Planned New Construction - No Previously Existing Facility</b> |                         |             |                        |               |                             |             |                        |
| Bannings Landing Community Center                                 | 15                      | Harbor      | \$ 2,000,000           | FY 01         |                             | Harbor      |                        |
| Watts Towers Junior Arts Center                                   | 15                      | LA          | 3,000,000              | FY 02         |                             | Prop K      |                        |
| Washington Blvd. Performing Arts Theater                          | 10                      | LA          | 4,000,000              | FY 01         |                             | CRA         |                        |
| <b>Totals</b>                                                     |                         |             | <b>9,000,000</b>       |               |                             |             |                        |
| <b>Grand Total</b>                                                |                         |             | <b>\$43,315,000</b>    |               |                             |             |                        |

### Contractual Services

The department currently contracts for an assortment of maintenance and professional services, with the largest type of expenditure for payroll services at the City Art facilities. The City's contractual services do not appear weighted toward any particular geographic region; therefore, it is assumed the Harbor City would require contractual services proportional to the number of employees that would transfer upon a special reorganization.

### Projected Revenues

Two Special Purpose Funds and the City's General Fund support the department's programs. The Arts and Cultural Facilities and Services Trust Fund (Fund 480, Schedule 24) receives an amount equal to one percent of the total costs of all construction, improvement, or remodeling work for each



public works capital improvement project undertaken by the City, and an amount from the City's General Fund equivalent to the amount of Transient Occupancy Tax (TOT) imposed at a rate of one percent.<sup>28</sup> These funds may only be expended on the acquisition or placement of publicly accessible works of art, the acquisition or construction of arts and cultural facilities, the provision of arts and cultural services, the restoration or preservation of existing works of art, and administration costs of the Public Works Improvement Arts Program.

The Arts Development Fee Trust Fund (Fund 516, Schedule 25) receives a fee not to exceed one percent of the total value of work from owners of non-residential development projects that exceed \$500,000. Funds are used to provide cultural and artistic facilities, services, and community amenities for the project.

Historic revenue for Fund 480 and Fund 516 is presented in the table below.

**DEPARTMENT OF CULTURAL AFFAIRS  
HISTORICAL TOTAL REVENUES AND SPECIAL  
PURPOSE FUNDS**

| <u>Year</u> | <u>Fund 480</u> | <u>Fund 516</u> | <u>Total</u> |
|-------------|-----------------|-----------------|--------------|
| 1998-99     | \$7,940,553     | \$2,357,906     | \$10,298,459 |
| 1999-00     | 8,015,904       | 2,181,275       | 10,197,179   |
| 2000-01     | 8,029,000       | 1,424,541       | 9,453,541    |

Source: City of Los Angeles Cultural Affairs Department,  
October 11, 2000.

The following table represents General Fund Departmental Receipts for the department.

**CULTURAL AFFAIRS DEPARTMENT  
GENERAL FUND DEPARTMENTAL RECEIPTS**

| <u>Revenue Source</u>             | <u>2000-01<br/>Budget</u> |
|-----------------------------------|---------------------------|
| Other Licenses and Permits        | \$ 400                    |
| Other General Government Services | 100                       |
| Cultural Affairs Revenue          | 21,700                    |
| Miscellaneous Revenues            | 5,000                     |
| Reimbursements from other Funds   | 341,077                   |
| <b>Total Cultural Affairs</b>     | <b>\$ 368,277</b>         |

The amount of Harbor City special services revenue associated with its new Cultural Affairs Department is discussed in section "Transfer of Revenue." The specific special purpose fund allocations to the Harbor City are shown on Table R-8 in Appendix II.

<sup>28</sup> The transient occupancy tax is a 14% tax on all hotel and motel rooms that is accounted for in the City's General Fund.



## **Department on Disability -**

Created in 1998, the Department on Disability's (DD) primary responsibility is overseeing the City's compliance with the Americans with Disabilities Act of 1990 (ADA) and other disability laws. To carry out this responsibility, the department performs activities that relate to making City programs, facilities, and services more accessible. It also creates, monitors, and responds to legislation and policies affecting persons with disabilities, and has taken a lead role in creating the City's federally mandated ADA Transition Plan. The department also provides training and technical assistance on complying with disability law, and provides information and referral services on programs available for disabled persons. And finally, the department's Office of the AIDS Coordinator oversees the City's AIDS policy, administers prevention programs through community-based consortia, and provides technical assistance and research to various organizations. It is also a member of the Housing Opportunities for Persons with AIDS (HOPWA) and the AIDS Task Force board and coordinates the National Conference on Women and HIV/AIDS.

### **Distribution of Service within City**

The department administers various ongoing and terminal programs aimed at serving the disabled population of the City. The Rehabilitation Act of 1973 requires the reasonable accommodation of employees with disabilities. Thus general fund monies are made available for the "504 Program" that helps agencies employ people with disabilities. The Community Development Block Grant funds the Computerized Information Center that provides information about city, county, or private services for the disabled. The department also assists the disabled with social security and transportation issues, and provides information of important service available at the City.

The most pressing departmental issue, as prioritized by the ADA, is to make City buildings ADA compliant under the City Facilities Program. The Proposed Budget Summary states that the ADA facilities/buildings requirements should be completed by October 2000. The Budget Summary also states that the ADA Curb Ramp Program, aimed at making the City's public sidewalks ADA compliant, will be completed in fiscal year 2001-02. City residential neighborhoods and the areas administered by the Department of Recreation and Parks are a lower priority and thus are being brought into compliance gradually. The first phase of the Recreation and Parks ADA Compliance Program was initiated in 1999-00 and should be completed by fiscal year 2000-01. The City also budgeted for the purchase of adaptive equipment such as modified workstations, accessible software, computer accessories, and customized chairs as part of the ADA access to programs and services requirements for residents and employees.

It should be noted that the Department of Justice (DOJ) may file lawsuits in federal court to enforce the ADA, and courts may order public entities to make facilities accessible, provide auxiliary aids or services, modify policies, pay compensatory damages, and pay attorneys' fees if the DOJ prevails. Under Title III, the Department of Justice may also obtain civil penalties of up to \$50,000 for the first violation and \$100,000 for any subsequent violation. Audits and litigation are other ADA enforcement procedures. Public entities that have not performed a Self-Evaluation Plan and Transition Plan are subject to lawsuits filed by people with disabilities who have been denied access to programs and services.

All public entities, including a new Harbor City, would be mandated to meet ADA regulations. Therefore, the Harbor City would be expected to carry out the ADA compliance activities planned by the City for the Harbor area.

The department's services are provided through two locations, neither of which is located in the Harbor special reorganization area. The department's central offices, located at the City Personnel Building at 700 E. Temple Street, house all department staff related to ADA requirements, including department-wide program staff and direct administrative support staff. In the central office, the department supervises the ADA Compliance Unit, provides ADA compliance training and technical assistance, and directs legislative policy development and recommendations. Staff related to the Office of the AIDS Coordinator are located in a remote office at 215 West Sixth Street.



### Proposed Apportionment

The proposed apportionment seeks to provide the new Harbor City with responsibility for the services the Harbor area currently receives from the Department on Disability. Such an apportionment could be accomplished by transferring to the Harbor City: (1) those personnel that, as of fiscal year 2000-01, provide services to the Harbor area; and (2) a proportionate share of centralized assets used to provide technical and operations support for the department.

### Transfer of City Personnel

In order to estimate the number of department staff providing services to the Harbor, a review of the differing functions and mandates of the department has been undertaken. The staffing to be allocated to the Harbor can be estimated based on the proportion of workload and/or service needs in the Harbor. As of fiscal year 2000-01, the department has 26 budgeted positions, of which 9 are Commissioners. The department is divided into four divisions, the functions of which are described in the table below.

#### DEPARTMENT ON DISABILITY INTERNAL DIVISION FUNCTIONS

| <u>Division</u>        | <u>Function</u>                                                                                                        |
|------------------------|------------------------------------------------------------------------------------------------------------------------|
| Management             | Provides overall department oversight.                                                                                 |
| ADA Compliance Section | Administers and oversees the City's ADA-related efforts and ensures the City is complying with the ADA.                |
| AIDS Coordination      | Provides services to persons with AIDS and ensures that persons with AIDS have full access to facilities and programs. |
| General Administration | Provide administrative support for all department divisions and programs.                                              |

Based on the functions of each division, measures of workload and service needs have been identified that can be used to estimate the proportion of each departmental division providing service to the Harbor. As shown in the table below, it is estimated that a total of 1 position currently provides service to the Harbor. A special reorganization would thus result in 1 position, or roughly 4.4% of the department's current non-Commissioner staff, being transferred to the new Harbor City.

#### DEPARTMENT ON DISABILITY ALLOCATION OF WORKLOAD AND PERSONNEL

| <u>Division</u>        | <u>Allocation Method</u>           | <u>Positions</u> | <u>Harbor Allocation</u> |
|------------------------|------------------------------------|------------------|--------------------------|
| Management             | Proportion of employees (adjusted) | 6                | 1                        |
| ADA Compliance         | Proportion of citywide employees   | 5                | 0                        |
| AIDS Coordination      | Population                         | 2                | 0                        |
| General Administration | Proportion of employees            | 4                | 0                        |
| Total                  |                                    | 17               | 1                        |

The methodology used to estimate the number of positions allocated to the Harbor is as follows. Positions in the ADA Compliance division appear to support City operations as a whole, and would



similarly need to support Harbor City operations in the event of a special reorganization. Therefore, the service need for a Harbor City is estimated as a proportion to the City based on the total number of positions citywide that would transfer to the Harbor City (approximately 4%). This results in no positions being apportioned from this division. It should be noted that the City currently plans to complete all components of its Transition Plan for ADA compliance prior to November 2002, the estimated earliest date for incorporation of a new Harbor City.

The AIDS Coordination division is a direct service for city residents, where service needs appear more accurately represented by population. For this division, the number of positions that would transfer is estimated using the percentage of City population in the Harbor. Once again, this results in no positions being apportioned from this division. Finally, positions in the Management and General Administration Division are allocated to the Harbor on a "proportion of employees" basis. Positions are allocated so that the ratio of management and administrative support for a new Harbor City is assumed proportional to the current City ratio. Given that this would also result in no positions being apportioned to the Harbor, an upward adjustment is made to the apportionment of staff from the Management division.

#### Sufficiency of Staff Transferred to Harbor and Retained by the City of Los Angeles

As is true of the staff in every department, staff throughout the Department on Disability do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the current composition of staff to ensure that a sufficient number of qualified personnel are transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the department's current 17 positions, roughly 70.6% are professional/technical, 23.5% are administrative/support, and 5.9% are, based on the City's description of positions, best characterized as specialists. Given that only one position would be transferred to the Harbor, it would not be possible for the Harbor City to achieve a roughly similar mix of skills and experience among department staff received from the City of Los Angeles.

#### **DEPARTMENT ON DISABILITY CURRENT COMPOSITION OF STAFF**

| <u>Division</u>           | <u>Total<br/>Positions</u> | <u>Professional/Technical</u> |                       | <u>Administrative/Support</u> |                    | <u>Specialists</u> |             |
|---------------------------|----------------------------|-------------------------------|-----------------------|-------------------------------|--------------------|--------------------|-------------|
|                           |                            | <u>No.</u>                    | <u>Type</u>           | <u>No.</u>                    | <u>Type</u>        | <u>No.</u>         | <u>Type</u> |
| Management                | 6                          | 2                             | Analyst               | 1<br>2                        | Clerk<br>Secretary | 1                  | E. Director |
| ADA<br>Compliance         | 5                          | 4<br>1                        | Analyst<br>Assistant  |                               |                    |                    |             |
| AIDS<br>Coordination      | 2                          | 2                             | Analyst               |                               |                    |                    |             |
| General<br>Administration | 4                          | 2<br>1                        | Analyst<br>Accountant | 1                             | Clerk              |                    |             |
| Total                     | 17                         | 12                            |                       | 4                             |                    | 1                  |             |
| Percent of Total          |                            | 70.1%                         |                       | 23.5%                         |                    | 5.9%               |             |

Because a new Harbor City department would be apportioned just 1 position, the department would have to hire additional staff or make various organizational modifications to be able to provide the full range of services the department currently provides in the City of Los Angeles. For the purposes of this report, it is assumed that the Harbor would alter this department's organizational structure and functional responsibilities to adjust to any staffing constraints.



### Transfer of Equipment and Facilities

The Department on Disability has no specialized equipment and no department facilities are located in the Harbor. Thus no specialized equipment or facilities would be transferred to a new Harbor City.

### Transition of Service to New City

The service provided by the department is to some extent self-contained, with only a small degree of integration of municipal service with the other City departments. It is assumed the City could transfer all required staffing and functionally operate the Department on Disability within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

### **Projected Expenditures**

The department's projected expenditures for fiscal year 2000-01 are roughly \$1.2 million. As shown in the table below, the majority of department expenditures (roughly 79%) are for staff salaries. The "special" expenditure is for the department's AIDS Prevention Program.

#### **CITY OF LOS ANGELES – DEPARTMENT ON DISABILITY USES OF FUNDS**

| <u>Uses of Funds</u>      | <u>2000-01<br/>Budget</u> |
|---------------------------|---------------------------|
| Expenditures:             |                           |
| Salaries                  | \$ 981,135                |
| Expenses                  | 221,805                   |
| Equipment                 | 0                         |
| Special                   | 30,000                    |
| Interdepartmental Charges | 8,882                     |
| Total Expenditures        | \$ 1,241,822              |

In estimating expenditures for the Department on Disability in the new Harbor City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Harbor with Department on Disability services is estimated to require 1 position throughout the entire planning period. The expected salary, expenses, and equipment cost for a new Harbor City department is estimated based on the proportion of budgeted employees transferred.

### Contractual Services

The department currently has budgeted \$50,000 for a contracted Resource Developer. The Resource Developer is responsible for writing grant proposals, resource development, and fundraising on behalf of the department. The Resource Developer is expected to raise \$200,000 in state, federal, or other sources of funds.

The department contracts with several for-profit and non-profit agencies for the provision of service. The proportion of the budget that is expended on contracted services is small, totaling \$147,000 (\$88,500 and \$58,500 pending execution) in comparison to a \$1,241,822 budget. For the purposes of this analysis, it is assumed the new Harbor City would require contractual services proportional to the number of the department staff that would transfer to the Harbor City.

### **Projected Revenues**

The City's Disability department has been historically funded primarily from the City's General Fund, and, to a much lesser extent, from CDBG funding. It is assumed that the special purpose revenue



would be transferred to the new Harbor City based on the percentage shown on Table R-8 in Appendix II of this report.



### **Emergency Preparedness**

The Emergency Preparedness Department coordinates and manages the City's emergency preparedness activities. This involves preparing and updating the City's emergency preparedness plans, including oversight and coordination of the individual plans prepared by various City departments. The department is also responsible for the operational readiness of the City's Emergency Operations Centers (EOC). Finally, the department assists the public in preparing for emergencies.

As of fiscal year 2000-01 the Emergency Preparedness Department is a new department of the City. Between 1996 and 1999, the department was a division of the Office of Administration and Research Services. The City of Los Angeles is now one of the nation's few cities to establish a department dedicated solely to preparing for emergencies.

### **Distribution of Service within City**

All of the department's staff are located downtown in the City Hall East building at 200 N. Main Street. The department's primary Emergency Operations Center is located in the same building. Most of the department's critical equipment, such as computers and computer workstations, is also located in this facility. There are several alternative EOCs, generally placed within City Fire Stations, located throughout Los Angeles. Most of the equipment is housed at 200 N. Main Street, but the department has several vehicles and mobile equipment and can operate at the alternative EOC facilities.

### **Proposed Apportionment**

Based on the Applicant's proposal, the proposed apportionment seeks to have a new Harbor City assume responsibility for the services the Harbor currently receives from the Emergency Preparedness Department. Such an apportionment could be accomplished by transferring to the new Harbor City: (1) those department staff that, as of fiscal year 2000-01, provide services to the Harbor, with the exception of staff from the department's Emergency Operations Center division, as it is assumed that this function would not transfer to the new Harbor City; and (2) a proportionate share of the department's centralized administrative and operational equipment and other assets.

### **Transfer of City Personnel**

In order to estimate the number of department staff providing services to the Harbor, a review of the differing functions and mandates of the department has been undertaken. The number of department staff that, as of fiscal year 2000-01, provide services to the Harbor can be estimated based on the proportion of workload and/or service needs in the Harbor.

For fiscal year 2000-01 the Emergency Preparedness department has 11 budgeted positions. The department is divided into five divisions, the functions of which are described in the table below.



## EMERGENCY PREPAREDNESS DEPARTMENT INTERNAL DIVISION FUNCTIONS

| <u>Division</u>                            | <u>Function</u>                                                                                                                                                           |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Management                                 | Provides overall department oversight and management.                                                                                                                     |
| Planning/Administrative Services           | Prepares City's emergency response plans and an annual report of the City's emergency readiness; prepares department's annual budget and provides administrative support. |
| Training                                   | Coordinates Citywide emergency preparedness training.                                                                                                                     |
| Community Preparedness/Interagency Liaison | Coordinates department's community outreach efforts and maintains liaison activities with other public and private sector entities.                                       |
| Emergency Operations Center                | Ensures operational readiness of City and alternative EOCs.                                                                                                               |

Based on the functions of each division, measures of workload and service needs have been identified that can be used to estimate the proportion of each departmental division providing service to the Harbor. As shown in the table below, it is estimated that a total of 1 position provides services to the Harbor. A special reorganization would thus result in 1 position, or roughly 9.1% of the department's non-Commissioner staff, being transferred to the new Harbor City.

## EMERGENCY PREPAREDNESS DEPARTMENT ALLOCATION OF WORKLOAD AND PERSONNEL

| <u>Division</u>                            | <u>Allocation Method</u> | <u>Positions*</u> | <u>Harbor Allocation</u> |
|--------------------------------------------|--------------------------|-------------------|--------------------------|
| Management                                 | Population               | 4                 | 0                        |
| Planning/Administrative Services           | Population (adjusted)    | 4                 | 1                        |
| Training                                   | Staff availability       | 1                 | 0                        |
| Community Preparedness/Interagency Liaison | Staff availability       | 1                 | 0                        |
| Emergency Operations Center                | Staff not transferred    | 1                 | 0                        |
| Total                                      |                          | 11                | 1                        |

\* Number of positions per division based on the 2000-01 organization chart. Discrepancies between the number of budgeted positions for fiscal year 2000-01 and the number of positions on the organization chart were reconciled to match the number of budgeted positions.

Positions in Management and Planning/Administrative Services divisions are allocated to the Harbor based on population. This allocation is based on the assumption that the emergency preparedness is a direct service to residents and businesses of the City, and population best measures the service needs in the Harbor. Given that the Harbor area contains only 4.12% of the City's population, the use of population to apportion staff to the Harbor would result in no positions being transferred to a new Harbor City. To create a viable transfer of staff, therefore, the apportionment of staff from the Planning/Administrative Services division is adjusted upward to result in one position being transferred to the Harbor.

For both the Training and Community Preparedness/Interagency Liaison divisions, no positions are apportioned to the Harbor due to insufficient availability of staff.

Finally, as further discussed below (see "Emergency Preparedness - Proposed Apportionment - Transfer of Equipment and Facilities"), positions in the Emergency Operations Center are not



assumed to transfer to the Harbor City, as this function would not be provided by the proposed Harbor City.

#### Sufficiency of Staff Transferred to Harbor and Retained by the City of Los Angeles

As is true of the staff in every department, staff throughout the Emergency Preparedness Department do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the current composition of staff to ensure that a sufficient number of qualified personnel are transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the department's current 11 positions, roughly 72.7% are professional/technical, 18.2% are administrative/support, and 9.1% are, based on the City's description of positions, best characterized as specialists. Given that only one position would be transferred to the Harbor, it would not be possible for the Harbor City to achieve a roughly similar mix of skills and experience among department staff received from the City of Los Angeles. professional/technical staff.

| <b>EMERGENCY PREPAREDNESS DEPARTMENT<br/>CURRENT COMPOSITION OF STAFF</b> |                            |                               |             |                               |             |                    |             |
|---------------------------------------------------------------------------|----------------------------|-------------------------------|-------------|-------------------------------|-------------|--------------------|-------------|
| <u>Division</u>                                                           | <u>Total<br/>Positions</u> | <u>Professional/Technical</u> |             | <u>Administrative/Support</u> |             | <u>Specialists</u> |             |
|                                                                           |                            | <u>No.</u>                    | <u>Type</u> | <u>No.</u>                    | <u>Type</u> | <u>No.</u>         | <u>Type</u> |
| Management                                                                | 4                          | 1                             | A. Manager  | 2                             | Secretary   | 1                  | G. Manager  |
| Planning &<br>Administration                                              | 4                          | 1                             | Analyst     |                               |             |                    |             |
|                                                                           |                            | 3                             | Coordinator |                               |             |                    |             |
| Training                                                                  | 1                          | 1                             | Coordinator |                               |             |                    |             |
| Community<br>Preparedness/<br>Liaison                                     | 1                          | 1                             | Coordinator |                               |             |                    |             |
| Emergency<br>Operations<br>Center                                         | 1                          | 1                             | Coordinator |                               |             |                    |             |
| Total                                                                     | 11                         | 8                             |             | 2                             |             | 1                  |             |
| Percent of Total                                                          |                            | 72.7%                         |             | 18.2%                         |             | 9.1%               |             |

Because a new Harbor City department would be apportioned just 1 position, the department would have to hire additional staff or make various organizational modifications to be able to provide the full range of services the department currently provides in the City of Los Angeles. For the purposes of this report, it is assumed that the Harbor would alter this department's organizational structure and functional responsibilities to adjust to any staffing constraints.

#### Transfer of Equipment and Facilities

The EOC is equipped with at least 80 computer work stations, which are linked to the EOC Information Management System that connects to over 24 City "Department Operations Centers". The EOC is also equipped with two telephone systems (one dedicated for the EOC) that connect to over 100 City staff and facilities. This network allows City staff, each tasked with specific responsibilities (e.g., police, fire, DWP, and grants), to facilitate the coordination of City resources in the event of an emergency. The EOC phone system also includes satellite telephone lines, connecting the department to the state, as well as mobile satellite phones. Many of the EOC work stations are equipped with mobile radios that allow communications with the City's dedicated radio communications systems (police, fire, and 800 Mhz). The EOC is also equipped with 40 television monitors that can receive commercial as well as City closed-circuit broadcasts.



In the event of a special reorganization, a Harbor City would require a separate operations center similar to the City's EOC, in order for the Harbor to maintain its current level of service. There does not appear to exist an opportunity for the Harbor City to contract EOC services from the City of Los Angeles, as the EOC system is designed primarily to coordinate City resources. Any contracted service would require the segregation of the EOC into a City and non-City component, which would require a redesign and reconfiguration of the existing facility. This may be more costly and time consuming than the construction of a separate Harbor City facility.

If the Harbor were to construct its own emergency operations center, it would best be served in terms of operational effectiveness by designing the system for its own unique needs and equipping the operations center new. Therefore, it may not be cost effective to divest the existing City EOC, and redesign a City EOC and Harbor City EOC utilizing the department's existing set of equipment.

However, because the construction of a new Harbor operations center is not included in the applicant's proposal, and does not appear to be a vital function for a new Harbor City, it is assumed for the purposes of this analysis that the Harbor City would not operate an independent emergency operations center with the functionality available from the City EOC. It is further assumed that the City would retain all assets at its existing EOC and would retain its mobile EOC.

### **Projected Expenditures**

The special reorganization would result in the transfer of 1 position, or 9.1% of total department staff, to the new Harbor City. The expected salary, expense, and equipment cost for the new department is estimated to be proportional to the City's fiscal year 2000-01 budget, based on the number of budgeted employees transferred. The department does not expect any significant changes to its staffing level during the planning period, or any changes to the level of service provided. Non-salary personnel expenditures are also estimated based on the proportion of employees transferred.

### **Projected Revenues**

The department has been historically funded primarily from the City's General Fund and the Disaster Assistance Trust Fund. The sources of funding for the Disaster Assistance Trust Fund are primarily state and federal grants for aid related to the Northridge earthquake. It is assumed that the Harbor City will support its own emergency preparedness department primarily from its general fund.



### **Employee Relations Board**

The Employee Relations Board (ERB) deals with issues of employee-employer relations within City government. As the City department responsible for implementing the state law known as the Meyers-Milias-Brown Act, the ERB grants formal recognition to the organizations elected to represent City employees in negotiations with management.<sup>29</sup> The ERB also investigates and determines the validity of claims of unfair practices made by management or employee organizations. The ERB itself consists of five part-time members appointed by the Mayor and confirmed by the City Council.

### **Distribution of Service within City**

All department staff are located downtown at 200 N. Main Street (City Hall East). Board meetings take place monthly and at other times at the discretion of the Board chairman.

### **Proposed Apportionment**

An apportionment of the services provided by the Employee Relations Board could be accomplished by transferring a portion of department staff to the new Harbor City. The method used to make this apportionment is described below.

### **Transfer of City Personnel**

For fiscal year 2000-01 the Employee Relations Board has 8 budgeted positions, of which 5 are Commissioners. While not formally divided into divisions, the Board's staff can be placed in two categories, as listed in the table below.

| <b>EMPLOYEE RELATIONS BOARD<br/>INTERNAL DIVISION FUNCTIONS</b> |                                             |
|-----------------------------------------------------------------|---------------------------------------------|
| <b><u>Division/Category</u></b>                                 | <b><u>Function</u></b>                      |
| Management                                                      | Provide overall management and supervision. |
| Staff                                                           | Provides support for Board duties.          |

The ERB does not provide services to the public. It instead is an internal support department providing services to the management and employees of other City departments. As such, the Board does not provide service to specific geographic areas or on behalf of citizens in any specific region of the City. Apportioning staff to the new Harbor City is therefore not a matter of determining the proportion of staff providing services to the Harbor. Instead, positions are allocated to the Harbor on the basis of the number of total City personnel that would transfer to the proposed Harbor City, adjusted upward to create a viable apportion. This allocation is calculated by multiplying the proportion of personnel citywide that would transfer to the Harbor (4%) by the number of positions in the department. On this basis, and given the need to apportion no less than one position from the department, a special reorganization would result in 1 position, or 30.0% of the department's fiscal year 2000-01 staff, being transferred to the new Harbor City.

<sup>29</sup> California Government Code, Sections 3500-3510. The Meyers-Milias-Brown Act provides guidelines for the process of forming employee collective bargaining units and the conduct of employee-employer negotiations over wages and work rules.



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**EMPLOYEE RELATIONS BOARD  
ALLOCATION OF WORKLOAD AND PERSONNEL**

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| <u>Division</u> | <u>Allocation Method</u>                       | <u>Positions</u> | <u>Harbor<br/>Allocation</u> |
|-----------------|------------------------------------------------|------------------|------------------------------|
| Management      | Proportion of citywide employees               | 1                | 0                            |
| Staff           | Proportion of citywide employees<br>(adjusted) | 2                | 1                            |
| Total           |                                                | 3                | 1                            |

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Sufficiency of Staff Apportioned to Harbor and Retained by the City of Los Angeles

Because a new Harbor City department would be apportioned just 1 position, the department would have to hire additional staff or make various organizational modifications to be able to provide the full range of services the department currently provides in the City of Los Angeles. For the purposes of this report, it is assumed that the Harbor would alter this department's organizational structure and functional responsibilities to adjust to any staffing constraints.

Transfer of Equipment and Facilities

The ERB has no special equipment or facilities to be transferred.

Transition of Service to New City

The service provided by the department is mostly self-contained, with only a small degree of integration of municipal service with other City departments. It is assumed the City could transfer all required staffing necessary for the Board to functionally operate within an 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

**Projected Expenditures**

The special reorganization would result in the transfer of one department position to the new Harbor City, and it is assumed the Harbor would hire an additional position. The expected salary cost for the new department is estimated based on the proportion of employees transferred as of the fiscal year 2000-01 Budget. The department does not expect any significant changes to its staffing level during the planning period, or any changes to the level of service provided. Non-salary personnel expenditures are estimated as a percentage of total salary expenditures in 2000-01.

**Projected Revenues**

The City's General Fund has historically funded the department's entire budget. It is assumed that the Harbor City would support its own Employees Relations Board entirely from its general fund.



### **Environmental Affairs**

The Environmental Affairs Department was established by ordinance in June 1989 to centrally coordinate City efforts to address environmental issues. Its activities include recommending environmental policies and programs to the Mayor and City Council, coordinating and securing funds and other resources to implement environmental programs overseeing and permitting solid waste facilities in the City. The department also coordinates the City's efforts to secure available grant monies by tying grant proposals to existing programs or proposing new programs in order to secure outside resources.

### **Distribution of Service within City**

The department provides service to the community primarily through its Hazardous and Toxic Material Office and Water Resource Management Division. The Hazardous and Toxic Material Office in the department's Land and Materials Division offers outreach and pollution prevention services relating to sewage and stormwater discharge for businesses. The Water Resource Management Division serves residents of the City through a grant funded tree planting program, and a Gardens for Kids Program that provides community gardens in City schools.

The department also serves a support function for the City, coordinating the City's response to regulations of the Air Quality Management District, and serving as the state designated Local Enforcement Agency (LEA) responsible for the inspection and permitting of solid waste facilities. Pursuant to the California Integrated Solid Waste Management Act of 1989, a local governing body of a city, county, or a joint powers body may designate a single local agency to be its enforcement agency. The Local Enforcement Agency takes solid waste related complaints, conducts site visits, and issues solid waste permits for landfills and solid waste transfer stations. LEAs have the primary responsibility for ensuring the correct operation and closure of solid waste facilities in the state.

All department staff are located at downtown offices at 201 North Figueroa. Most of the direct services the department provides are administered through this downtown office. Some direct services provided by department staff, however, are carried out in areas across the City. Department staff that inspect solid waste facilities, for example, must travel to these facilities to carry out inspections.

### **Proposed Apportionment**

Based on the Applicant's proposal, the proposed apportionment seeks to have the new Harbor City assume responsibility for the services the Harbor currently receives from the Environmental Affairs Department. Such an apportionment could be accomplished by transferring to the new Harbor (1) those department staff that, as of fiscal year 2000-01, provide services to the Harbor, with the exception of department personnel responsible for department's Local Enforcement Agency (LEA) function (see further discussion below); and (2) a proportionate share of the department's centralized administrative and operational equipment and other assets.

### **Transfer of City Personnel**

In order to estimate the number of department staff providing services to the Harbor, a review of the differing functions and mandates of the department has been undertaken. The staffing attributable to the Harbor can be estimated based on the proportion of workload and/or service needs in the Harbor.

For fiscal year 2000-01 the department has 42 budgeted positions, of which 5 are Commissioners. The department is divided into five divisions, the functions of which are described in the table below.



## DEPARTMENT OF ENVIRONMENTAL AFFAIRS INTERNAL DIVISION FUNCTIONS

| <u>Division</u>                    | <u>Function</u>                                                                                                                                                                                                                      |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Management                         | Provides overall department management and oversight.                                                                                                                                                                                |
| Air Quality Management             | Analyzes and responds to air quality mandates; coordinates City air quality efforts; advises the Mayor and Council on air quality issues.                                                                                            |
| Water Resources Management         | Assists other departments with water resources issues; distributes publications and outreach materials through the Environmental Information Center.                                                                                 |
| Land and Materials Management      | Provides information and assistance to businesses that deal with hazardous waste; permits and inspects solid waste facilities as the City's Local Enforcement Agency; provides policy analysis and proposals related to solid waste. |
| General Administration and Support | Responsible for budget, payroll, grant administration, and all other general administrative matters.                                                                                                                                 |

Based on the functions of each division, measures of workload and service needs have been identified that can be used to estimate the proportion of each departmental division providing service to the Harbor. As shown in the table below, it is estimated that a total of 2 positions currently provide services to the Harbor, excluding those positions associated with the LEA program. A special reorganization would thus result in 2 positions, or roughly 5.4% of the department's current staff, being transferred to the new Harbor City.

## DEPARTMENT OF ENVIRONMENTAL AFFAIRS ALLOCATION OF WORKLOAD AND PERSONNEL

| <u>Division</u>                                                                 | <u>Allocation Method</u>                    | <u>Positions*</u> | <u>Harbor Allocation</u> |
|---------------------------------------------------------------------------------|---------------------------------------------|-------------------|--------------------------|
| Management/General Administration and Support                                   | Proportion of employees                     | 11                | 1                        |
| Air Quality Management/Water Resources Management/Land and Materials Management | Population/Portion of staff not transferred | 26                | 1                        |
| Total                                                                           |                                             | 37                | 2                        |

\* Number of positions per division based on the 2000-01 organization chart and excludes five Commissioners. Discrepancies between the number of budgeted positions for fiscal year 2000-01 and the number of positions on the organization chart were reconciled to match the number of budgeted positions.

The methodology used to estimate the number of positions allocated to the Harbor is as follows. Positions from the Air Quality Management, Water Resources Management, and Land and Materials Management divisions are allocated to the Harbor based on population. Population is used as the apportionment basis because staff in each division perform citywide functions. The Air Quality Management division, for example, administers the City's Mobile Source Air Pollution Reduction Trust Funds, and these funds are provided to the City from the South Coast Air Quality Management District on the basis of the City's population. The Land and Materials Management Division includes the Hazardous & Toxic Materials, Local Enforcement Agency, and Policy and Program Analysis sections. No positions within the Local Enforcement Agency (LEA), which includes 9 positions, are allocated to the Harbor. This allocation is made recognizing that it may require a significant period of time before the new Harbor City can become a certified LEA. Certification would require a new Harbor City to request such status by vote of the governing body, and demonstration that staff would be in place that meet state criteria and that funding for the program would be established. Because the approval by the state of a Harbor City LEA is uncertain, it is assumed as part of this analysis that the Harbor City



would need to contract with the City, which is a certified agency. (The Harbor City could also contract with the county or state to perform the LEA function.)

Finally, positions in the Management and General Administration and Support Divisions are allocated to the Harbor on "proportion of employees" basis that, based on the Harbor area consisting of 4.12% of the City's population, would result in one position being transferred to the new Harbor City.

#### Sufficiency of Staff Transferred to Harbor and Retained by the City of Los Angeles

As is true of the staff in every department, staff throughout the Environmental Affairs Department do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the current composition of staff to ensure that a sufficient number of qualified personnel are transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the department's current 37 positions, roughly 73.0% are professional/technical, 13.5% are administrative/support, and 13.5% are, based on the City's description of positions, best characterized as specialists. . Given that only two positions would be transferred to the Harbor, it would not be possible for the Harbor City to achieve a roughly similar mix of skills and experience among department staff received from the City of Los Angeles.

The department specialists (two Environmental Affairs Officers) are positions required by the state. Every LEA has at least one registered environmental health specialist on staff. This certification requires passing a State exam and completing prerequisite courses in public health. As discussed herein, it is assumed that the Harbor City would not assume an LEA function, and thus no state certified positions would be transferred.

#### **DEPARTMENT OF ENVIRONMENTAL AFFAIRS COMPOSITION OF STAFF**

| <u>Division</u>                        | <u>Total<br/>Positions</u> | <u>Professional/Technical</u> |                                       | <u>Administrative/Support</u> |                    | <u>Specialists</u> |                                   |
|----------------------------------------|----------------------------|-------------------------------|---------------------------------------|-------------------------------|--------------------|--------------------|-----------------------------------|
|                                        |                            | <u>No.</u>                    | <u>Type</u>                           | <u>No.</u>                    | <u>Type</u>        | <u>No.</u>         | <u>Type</u>                       |
| Management                             | 4                          | 1                             | Officer <sup>1</sup>                  | 1<br>1                        | Secretary<br>Clerk | 1                  | G. Manager                        |
| Air Quality<br>Management              | 7                          | 3<br>2<br>1                   | Supervisor<br>Associate<br>Analyst    |                               |                    | 1                  | Officer <sup>1</sup>              |
| Water<br>Resources<br>Management       | 4                          | 1<br>2                        | Supervisor<br>Associate               |                               |                    | 1                  | Officer <sup>1</sup>              |
| Land &<br>Materials<br>Management      | 15                         | 1<br>4<br>6                   | P. Manager<br>Supervisor<br>Associate | 1<br>1                        | Clerk<br>Secretary | 1<br>1             | Officer <sup>1</sup><br>Hygienist |
| General<br>Administration &<br>Support | 7                          | 4<br>2                        | Analyst<br>Accountant                 | 1                             | Clerk              |                    |                                   |
| Total                                  | 37                         | 27                            |                                       | 5                             |                    | 5                  |                                   |
| Percent of Total                       |                            | 73.0%                         |                                       | 13.5%                         |                    | 13.5%              |                                   |

<sup>1</sup> Refers to Environmental Affairs Officer

Because a new Harbor City department would be apportioned just 2 positions, the department would have to hire additional staff or make various organizational modifications to be able to provide the full range of services the department currently provides in the City of Los Angeles. For the purposes of



this report, it is assumed that the Harbor would alter this department's organizational structure and functional responsibilities to adjust to any staffing constraints.

#### Transfer of Equipment and Facilities

Excluding any office space and basic office equipment needed for Harbor staff to perform the administrative functions transferred to the Harbor City, no department-specific specialized equipment or assets have been identified that would be required for the Harbor City.

#### **Projected Expenditures**

The department's projected expenditures for fiscal year 2000-01 are roughly \$2.8 million. As shown in the table below, the majority of department expenditures (roughly 89%) are for staff salaries.

| <b>CITY OF LOS ANGELES –<br/>ENVIRONMENTAL AFFAIRS DEPARTMENT<br/>USES OF FUNDS</b> |                           |
|-------------------------------------------------------------------------------------|---------------------------|
| <u>Uses of Funds</u>                                                                | <u>2000-01<br/>Budget</u> |
| Expenditures:                                                                       |                           |
| Salaries                                                                            | \$ 2,471,178              |
| Expenses                                                                            | 264,402                   |
| Equipment                                                                           | 8,650                     |
| Interdepartmental Charges                                                           | 40,748                    |
| Total Expenditures                                                                  | \$ 2,784,978              |

In estimating expenditures for the Environmental Affairs Department in the new Harbor City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Harbor with responsibility for department services is estimated to require 2 positions throughout the entire planning period. An additional 1 position is assumed contracted from the City to perform the any required LEA-related services (see section "Contractual Services" below). The expected salary, expense, and equipment cost for the new department is estimated to be proportional to the City's fiscal year 2000-01 budget, based on the number of budgeted employees transferred.

#### Contractual Services

The department currently contracts with several non-profit agencies for the provision of service. For fiscal year 2000-01, the department also plans to contract for five projects. The projects include the 2000 AQMP & Air Toxics, Cool Communities Streetscapes, Cultivating Communities, Planting Healthy School Routes, and the Hazardous & Toxic Materials projects.

The City's appropriations for contractual service in fiscal year 2000-01 (totaling \$208,000) are almost entirely grant-funded. Because the Harbor City would not receive the same grant funding, it is assumed for the purposes of this analysis that the Harbor City would not utilize contractors, and future appropriations for similar contractual services would be zero. As discussed above, however, this report assumes that the Harbor will contract with the City of Los Angeles for services related to LEA program requirements. It is estimated that these contract services will cost the Harbor the equivalent of 1 position. Given an average per-employee salary in the department of \$66,722,<sup>30</sup> and an overhead ("CAP") rate of 63.7%,<sup>31</sup> the Harbor's annual contract cost for these services is estimated to be \$109,313.

<sup>30</sup> Based on "City of Los Angeles Budget, Fiscal Year 2000-01."

<sup>31</sup> CAP Rate calculated using City of Los Angeles 2000-01 indirect cost rates for Environmental Affairs Department employees. The rate consists of the sum of the Fringe Benefit rate (17.96%), Central Services (22.02%), and Department Administration and Support (23.69%).



### Projected Revenues

The ability of the new Harbor City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Environmental Affairs Department in the new Harbor City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the department are transferable to the Harbor.

The City of Los Angeles has historically funded the department from the General Fund and from several other Special Funds. The table below shows the department's sources of funds for fiscal year 2000-01.

| CITY OF LOS ANGELES – ENVIRONMENTAL AFFAIRS<br>DEPARTMENT<br>SOURCES OF FUNDS |                           |
|-------------------------------------------------------------------------------|---------------------------|
| <u>Sources of Funds</u>                                                       | <u>2000-01<br/>Budget</u> |
| City Funds:                                                                   |                           |
| General Fund                                                                  | \$ 1,601,960              |
| Stormwater Pollution Abatement Fund                                           | 157,277                   |
| Mobile Source Air Pollution Reduction Fund                                    | 519,645                   |
| Sewer Construction and Maintenance Fund                                       | 319,133                   |
| Environmental Affairs Trust Fund                                              | 186,963                   |
| Total                                                                         | \$ 2,784,978              |

The Stormwater Pollution Abatement Fund provides funds from the City's Stormwater Pollution Abatement Charge. This charge is levied on all properties in the City and is based on stormwater runoff and pollutant loading associated with property size and land use. The Mobile Air Source Pollution Reduction Fund provides funds from an apportionment of a fee imposed on motor vehicle registration. The Sewer Construction and Maintenance Fund provides funding derived from sewer rates and charges. The Environmental Trust Fund provides funding from private agencies, citizens, and other governmental agencies for engineering, design, fire protection, acquiring rights of way, construction, and various other programs.

The new Harbor City would receive the Mobile Air Source Pollution Reduction revenues, as this is apportioned by the State based on population. It is expected the Harbor City Environmental Affairs department would need these funds to support future air quality management services and mandates. The Harbor City may also receive monies from an Environmental Affairs Trust Fund, as the Harbor City could continue to assess charges related to environmental mitigation for private and public projects. For the purposes of this analysis, it is assumed the Harbor City would receive revenue for its own special purpose fund revenues according to the percentages shown on Table R-8 in Appendix II.

Because the Harbor City is not assumed to own and operate the regional sewage system, no related sewer fees would be collected. Therefore, the Harbor City's Environmental Affairs department would not receive revenue from a Harbor City Sewer Construction and Maintenance Fund.

Another element of the new Harbor City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Environmental Affairs Department for fiscal year 2000-01. The



Environmental Affairs Department in the new Harbor City would similarly generate fees for services it provides, and these fees would be contributed to the Harbor City's general fund.

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**DEPARTMENT OF ENVIRONMENTAL AFFAIRS  
GENERAL FUND DEPARTMENTAL RECEIPTS**

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| <u>Revenue Source</u>                       | <u>2000-01<br/>Budget</u> |
|---------------------------------------------|---------------------------|
| Other Licenses & Permits                    | \$ 535,000                |
| Other State Grants/Agreements               | 0                         |
| Reimbursements from other Agencies          | 0                         |
| Engineering Fees Inspections Other Services | 0                         |
| Quasi-External Transaction                  | 115,000                   |
| Other Current Service Charges               | 0                         |
| Miscellaneous Revenues                      | 40,000                    |
| Reimbursements from other Funds             | 326,523                   |
| <br>Total Environmental Affairs             | <br>\$ 1,016,523          |

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### **Ethics Commission**

Los Angeles voters created the City Ethics Commission ("CEC" or "Commission") in June 1990 by approving Proposition H. The Commission administers and enforces Charter provisions and City ordinances involving conflicts of interest, lobbying, and governmental ethics. The CEC investigates alleged violations relating to campaign finance, governmental ethics, and conflicts of interest. It conducts educational programs for City officials on compliance requirements for City Officials and for the general public on the relationship between money and local politics. The CEC works to provide voters with information about local candidates and also administers the City's "Whistle-blower Hotline" by responding to calls and carrying out investigations of complaints.

In addition to administering City laws related to governmental ethics, the Commission also oversees the City's compliance with the California Political Reform Act of 1974, a state law that proscribes conflicts of interest for public officials. This state law requires that all local government officials with decision-making responsibility annually disclose financial information through a "statement of economic interest." Currently, over 4,000 City of Los Angeles officials submit these statements to the CEC.

### **Distribution of Service within the City**

The Commission provides all its services through its downtown offices located at 201 North Los Angeles Street. All Commission staff are located in this downtown office.

### **Proposed Apportionment**

Based on the applicant's proposal for special reorganization, the proposed apportionment seeks to provide the new Harbor City with responsibility for the services the Harbor area currently receives from the Ethics Commission. Such an apportionment could be achieved by transferring to the Harbor City: (1) those department staff that, as of fiscal year 2000-01, provide services to the Harbor area; and (2) a proportionate share of centralized assets used to provide technical and operations support for the department.

### **Transfer of City Personnel**

In order to estimate the number of department staff providing services to the Harbor, a review of the differing functions and mandates of the department has been undertaken. The staffing attributable to the Harbor can be estimated based on the potential demand for services provided in the Harbor.

For fiscal year 2000-01 the Ethics Commission has 27 budgeted positions, of which 5 are Commissioners. The Commission consists of five divisions, the functions of which are described below:



## CITY ETHICS COMMISSION INTERNAL DIVISION FUNCTIONS

| <u>Division</u>            | <u>Function</u>                                                                                                                                                                                                                                                               |
|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Management                 | Provides overall department management and oversight.                                                                                                                                                                                                                         |
| Policy, Education & Advice | Performs analyses and develops policy recommendations regarding campaign finance, lobbying and governmental ethics; advises City officials and the public on governmental ethics laws.                                                                                        |
| Enforcement                | Administers whistleblower program, investigates alleged violations of governmental ethics laws, and enforces City laws related to campaign finance, conflict of interest, and other ethics-related matters.                                                                   |
| Audits & Compliance        | Responsible for campaign finance and lobbying audit programs, administers and monitors the campaign disclosure requirements and filing obligations of officeholder and candidate controlled committees, and maintains and updates electronic campaign disclosure information. |
| Administration/Lobbying    | Responsible for budget, payroll, grant administration, all other general administrative matters, administering the Lobbying Registration and Disclosure program, and, during election years, administering the City's Public Matching Funds Program.                          |

As shown in the table below, it is estimated that a total of 1 position currently provides services to the Harbor. A special reorganization would thus result in 1 position, or roughly 4.6% of the department's current staff, being transferred to the new Harbor City.

### CITY ETHICS COMMISSION ALLOCATION OF WORKLOAD AND PERSONNEL

| <u>Division</u>            | <u>Allocation Method</u>               | <u>Positions</u> | <u>Harbor Allocation</u> |
|----------------------------|----------------------------------------|------------------|--------------------------|
| Management                 | Proportion of Employees                | 6                | 0                        |
| Policy, Education & Advice | Proportion of City Staff               | 3                | 0                        |
| Enforcement                | Proportion of City Staff               | 3                | 0                        |
| Audits & Compliance        | Proportion of City Staff<br>(adjusted) | 5                | 1                        |
| Administration/Lobbying    | Proportion of Employees                | 5                | 0                        |
| Total                      |                                        | 22               | 1                        |

The methodology used to estimate the number of positions allocated to the Harbor is as follows: Since the City Ethics Commission can be characterized as a City support service, positions in three of the divisions – Policy, Education & Advice, Enforcement, and Audits & Compliance – are allocated to the Harbor based on a “proportion of City staff” basis, adjusted upward for the Audits and Compliance division to create a viable apportionment. Such an apportionment transfers staff based on the percentage of staff transferred to the Harbor in all other City departments, which is roughly 4%. The apportionment is adjusted upward (i.e., “rounded up”) because the small percentage of staff from all departments transferred to the Harbor City would result in no positions from these divisions being transferred without such rounding. The position transferred to the Harbor is from the Audit and Compliance division because this division's relatively larger number of staff will likely minimize any negative service impacts such a transfer could have on the City of Los Angeles.

Positions in the Management and Administrative/Lobbying Division are allocated to the Harbor on a “proportion of employees” basis. Positions are allocated proportionate to the percentage of



employees in all other department divisions that would be allocated to the new Harbor City. This results in no positions being transferred from these divisions.

#### Sufficiency of Staff Transferred to Harbor and Retained by the City of Los Angeles

As is true of the staff in every department, staff throughout the City Ethics Commission do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the current composition of staff to ensure that a sufficient number of qualified personnel are transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the department's current 22 positions, roughly 72.7% are professional/technical, 22.7% are administrative/support, and 4.6 % are, based on the City's description of positions, best characterized as specialists. Given that only one position would be transferred to the Harbor, it would not be possible for the Harbor City to achieve a roughly similar mix of skills and experience among department staff received from the City of Los Angeles.

| <b>CITY ETHICS COMMISSION<br/>CURRENT COMPOSITION OF STAFF</b> |                            |                               |                      |                               |             |                    |               |
|----------------------------------------------------------------|----------------------------|-------------------------------|----------------------|-------------------------------|-------------|--------------------|---------------|
| <u>Division</u>                                                | <u>Total<br/>Positions</u> | <u>Professional/Technical</u> |                      | <u>Administrative/Support</u> |             | <u>Specialists</u> |               |
|                                                                |                            | <u>No.</u>                    | <u>Type</u>          | <u>No.</u>                    | <u>Type</u> | <u>No.</u>         | <u>Type</u>   |
| Management                                                     | 6                          | 4                             | Officer <sup>1</sup> | 1                             | Secretary   | 1                  | Exec. Officer |
| Policy,<br>Education &<br>Advice                               | 3                          | 2                             | Analyst              |                               |             |                    |               |
|                                                                |                            | 1                             | Auditor              |                               |             |                    |               |
| Enforcement                                                    | 3                          | 2                             | Analyst              | 1                             | Clerk       |                    |               |
| Audits &<br>Compliance                                         | 5                          | 5                             | Auditor              |                               |             |                    |               |
| Administration<br>& Lobbying                                   | 5                          | 2                             | Analyst              | 3                             | Clerk       |                    |               |
| Total                                                          | 22                         | 16                            |                      | 5                             |             | 1                  |               |
|                                                                |                            | 72.7%                         |                      | 22.7%                         |             | 4.6%               |               |

<sup>1</sup> Refers to Ethics Officer

Because a new Harbor City department would be apportioned just 1 position, the department would have to hire additional staff or make various organizational modifications to be able to provide the full range of services the department currently provides in the City of Los Angeles. For the purposes of this report, it is assumed that the Harbor would alter this department's organizational structure and functional responsibilities to adjust to any staffing constraints.

#### Transfer of Equipment and Facilities

As proposed, the special reorganization would result only in a reallocation into new office space, because the CEC does not own assets with a value of over \$100,000.

#### **Projected Expenditures**

The special reorganization would result in the transfer of 4.6% of total department staff to the new city. The expected salary, expense, and equipment cost for the new department is estimated to be proportional to the City's fiscal year 2000-01 budget, based on the number of budgeted employees transferred. The department does not expect any significant changes to its staffing level during the planning period, or any changes to the level of service provided.



### Contractual Services

The department fiscal year 2000-01 budget for contractual services is \$290,115, most of which is spent for the services of a City Charter mandated special prosecutor. For the purposes of this report, it is assumed that the new Harbor City will also incur contractual service costs, and that these costs can be estimated based on the proportion of department staff being transferred to the Harbor (4.6%, as calculated above).

### **Projected Revenues**

The department has been historically funded primarily from the City's City Ethics Commission Fund, to which appropriations are made from the City's General Fund. The CEC or its designee administers the Ethics Fund, and all appropriations to finance any of the operations of the CEC are placed in the Fund, from which salaries and other expenses of the CEC are paid. It is assumed that a similar funding structure will be used by the new Harbor City, and that the necessary general fund revenues can be transferred to the Harbor.

Another element of the new Harbor City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Ethics Commission for fiscal year 2000-01. The Commission in the new Harbor City would similarly generate fees for services it provides, and these fees would be contributed to the Harbor City's general fund.

| <b>ETHICS COMMISSION<br/>GENERAL FUND DEPARTMENTAL RECEIPTS</b> |                           |
|-----------------------------------------------------------------|---------------------------|
| <b><u>Revenue Source</u></b>                                    | <b>2000-01<br/>Budget</b> |
| Other General Government Services                               | \$ 99,000                 |
| Other Fines                                                     | 31,000                    |
| Miscellaneous Revenues                                          | 0                         |
| Reimbursement from other Funds                                  | 15,860                    |
| Miscellaneous Revenues                                          | 0                         |
| Total Ethics Commission                                         | <b>\$ 145,860</b>         |



## **Finance**

Established in July 2000, the Office of Finance performs financial functions previously carried out by several City departments. The department includes the City Treasurer, whose responsibilities include receiving, disbursing, and exercising custodianship over all City funds, investing City funds, and some debt management activities. The department is also the City's tax collector, responsible for collecting City revenues and enforcing City laws related to various taxes, fees and charges. A third broad area of department responsibilities is risk management and employee safety. These activities include analyzing the City's potential exposure to financial loss and assisting City departments in creating safer working conditions.

### **Distribution of Service within City**

The activities of the Finance Department can be divided into two broad categories: (1) internal support involving no direct provision of services to the public; and (2) tax collection activities in which the department performs primarily enforcement functions but also provides certain direct services to the public.

The department's internal support activities include both its Treasury-related functions and its responsibilities related to risk management and employee safety. All these activities involve supporting the operations of the City as a whole (e.g., managing the City's investment portfolio) or of specific City departments (e.g., analyzing a department's exposure to financial risk). As such, these functions do not involve providing services to specific geographic areas or on behalf of citizens in specific regions of the City.

Unlike its internal support activities, the department's tax collection responsibilities involve enforcement functions as well as some direct services to the public. These responsibilities include enforcing compliance with City tax regulations through, for example, on-site inspections of businesses and the performance of taxpayer audits. These responsibilities also include issuing refunds for overpayment of taxes and the processing of requests for utility users tax exemptions. The department's tax collection activities are administered by personnel located in both a main downtown office (111 N. Hope Street, Los Angeles), and from several offices distributed across the City. There are 10 such distributed "Field" and "Branch" offices;<sup>32</sup> one such branch office is located in the Harbor area (14401 638 S. Beacon Street, San Pedro).

### **Proposed Apportionment**

The proposed apportionment seeks to provide the new Harbor City with responsibility for the services the Harbor currently receives from the Finance Department. Such an apportionment could be provided by transferring the following to the new Harbor City: (1) those department staff that, as of fiscal year 2000-01, provide services to the Harbor; (2) the Harbor Office of the Tax and Permit Division, as well as a proportionate share of all the department's centralized equipment; and (3) a proportionate share of all City bond and other debt liabilities accounted for by the Finance Department, as well as a proportionate share of all City investment assets managed by the Finance Department.

### **Transfer of City Personnel**

In order to estimate the number of department staff providing services to the Harbor, a review of the differing functions and mandates of the department has been undertaken. The number of department staff that, as of fiscal year 2000-01, provide services to the Harbor can be estimated based on the estimated workload and service needs in the Harbor.

For fiscal year 2000-01 the department has 344 budgeted positions. The department is divided into six divisions, the functions of which are described in the table below.

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<sup>32</sup> A "Field" office is an office from which staff are deployed to conduct on-site inspections and other enforcement activities. A "Branch" office has a public counter and provides direct services to the public. The department has a "Harbor District Office" that is a combination Field/Branch office, but it is not located in the Harbor special reorganization area (its address is 10221 Compton Avenue, Los Angeles).



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**OFFICE OF FINANCE  
INTERNAL DIVISION FUNCTIONS**

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| <u>Division</u>          | <u>Function</u>                                                                                                                                                                                      |
|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Management               | Responsible for overall department management and oversight.                                                                                                                                         |
| Treasury                 | Receives, disburses, and exercises custodianship over all City funds, conducts the City's investment program, carries out select debt management functions, and provides internal accounting support |
| Risk Management & Safety | Analyzes City's potential exposure to financial loss; assists departments with employee safety issues.                                                                                               |
| Tax & Permit             | Implements City Tax Ordinance, audits business and utility taxes, and collects taxes from businesses.                                                                                                |
| Administrative           | Responsible for department budget, personnel, systems, and other administrative and support functions.                                                                                               |
| Revenue Management       | Responsible for maximizing the City's revenue by improving City systems for billing, accounts receivable, and other revenue-producing activities.                                                    |

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Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Harbor. As shown in the table below, it is estimated that a total of 14 positions provide services to the Harbor. A special reorganization would thus result in 14 positions, or roughly 4.1% of the department's staff, being transferred to the new Harbor City.

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**OFFICE OF FINANCE  
ALLOCATION OF WORKLOAD AND PERSONNEL**

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| <u>Division</u>          | <u>Allocation Method</u> | <u>Positions</u> | <u>Harbor Allocation</u> |
|--------------------------|--------------------------|------------------|--------------------------|
| Management               | Proportion of employees  | 7                | 0                        |
| Treasury                 | Population               | 32               | 1                        |
| Risk Management & Safety | Proportion of employees  | 13               | 1                        |
| Tax & Permit             | Population               | 282              | 12                       |
| Administrative           | Proportion of employees  | 9                | 0                        |
| Revenue Management       | Staff availability       | 1                | 0                        |
| Total                    |                          | 344              | 14                       |

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The methodology used to estimate the number of positions providing services to the Harbor is as follows. For two divisions – the Treasury division and the Tax and Permit division – the estimate is based on population. It is calculated by multiplying the proportion of the City residents residing in the Harbor (4.12%)<sup>33</sup> by the number of positions in each division. Due to the citywide nature of each of these divisions' services, and because the department does not compile geographic workload indicators that show specifically where these divisions carry out their services, it is necessary to use an alternative measure to estimate the number of employees providing services to the Harbor. Given the citywide nature of these divisions' functions, the alternative measure deemed most appropriate is population.

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<sup>33</sup> This is the City of Los Angeles Planning Department's estimate of the Harbor's proportion of overall City population in 1998.



For the Revenue Management division, given the lack of staff availability, no personnel would be transferred to the new Harbor City. For the remaining divisions, the estimate of the number of positions providing services to the Harbor is made on a "proportion of employees" basis. Positions are allocated in proportion to the percentage of employees in all other divisions that would be transferred to the new Harbor City.

#### Sufficiency of Staff Transferred to Harbor and Retained by the City of Los Angeles

As is true of the staff in every department, staff throughout the Finance Department do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the current composition of staff to ensure that a sufficient number of qualified personnel are transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the department's current 344 positions, roughly 54.1% are professional/technical. The professional/technical positions consist of Investment Officers, Management Analysts and Assistants, Accountants, Tax Auditors, and Systems Analysts. 42.7% are clerical/administrative/support. The category includes Clerks, Typists, and Delivery Drivers. Finally, roughly 3.2% of department staff are either upper management or highly specialized. Among these positions are the department's Director and Assistant Director, Treasurer and Deputy Treasurer, and the Chief Tax and Permit positions.

To achieve, at least in percentage terms, a roughly similar mix of skills and experience among department staff in the new Harbor City, the 14 positions apportioned to the Harbor would consist of the following: 7 professional/technical, 6 administrative/support, and 1 specialists/upper management. Given its current mix of staff among position categories, the department appears to contain sufficient staff in each category to allow for such a transfer.

#### **OFFICE OF FINANCE COMPOSITION OF WORKFORCE**

| <u>Category</u>         | <u>Positions</u> | <u>Percent of</u> |
|-------------------------|------------------|-------------------|
|                         |                  | <u>Total</u>      |
| Professional/Technical  | 186              | 54.1%             |
| Clerical/Administrative | 147              | 42.7%             |
| Management/Specialists  | 11               | 3.2%              |
| Total                   | 344              |                   |

As indicated above, the department appears to contain a sufficient number and mix of personnel to allow for a transfer of staff of the magnitude envisioned in the proposed apportionment. However, the department believes that the Treasury Division "employs only those staff necessary to meet current needs." Consequently, according to the department, the current number and mix of staff in the Treasury Division staff would need to be duplicated in the new Harbor City, while any positions transferred to the Harbor would need to be replaced in the remaining City of Los Angeles.<sup>34</sup> Given that a special reorganization may not reduce workload levels in the Treasury Division, it is assumed in this analysis that minimum staffing in the Treasury Division, in the event of a special reorganization, would need to be at fiscal 2000-01 levels.

#### Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Harbor City the facilities, equipment and other assets used to provide services to the Harbor. This would include: (1) the San

<sup>34</sup> Office of Finance Response to City Job Number 763, p. 2. "The Treasury Division would have to be duplicated because the City employs only those staff necessary to meet current needs."



Pedro Office of the Tax and Permit Division; and (2) a proportionate share of centrally located equipment and other assets.

The San Pedro Office of the Tax and Permit Division, located at 638 S. Beacon Street, Los Angeles, would be transferred to the new Harbor City as part of the proposed apportionment. This facility currently serves as an office with a public counter that citizens can visit directly to address City tax matters.

With respect to centrally located assets, the department utilizes several software applications and maintains databases for both overall financial administration and for tax collection and billing. One such application and database is the department's Tax and Permit System (TAPS), which contains the City's database of registered taxpayers.<sup>35</sup> It is generally assumed that the software and data the department uses can either be transferred directly to the new Harbor City, or that the new Harbor City can obtain these assets by entering into separate licensing agreements or other arrangements directly with software and data vendors.

#### Transition of Service to New City

It is assumed the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

#### **Projected Expenditures**

The department's projected expenditures for fiscal year 2000-01 are roughly \$19.3 million. As shown in the table below, the majority of department expenditures (over 90%) are for staff salaries.

| CITY OF LOS ANGELES – OFFICE OF FINANCE<br>USES OF FUNDS |                           |
|----------------------------------------------------------|---------------------------|
| <u>Uses of Funds</u>                                     | <u>2000-01<br/>Budget</u> |
| Expenditures:                                            |                           |
| Salaries                                                 | \$ 17,355,954             |
| Expenses                                                 | 1,207,076                 |
| Equipment                                                | 111,726                   |
| Interdepartmental Charges                                | 606,708                   |
| Total Expenditures                                       | \$ 19,281,464             |

In estimating expenditures for the Office of Finance in the new Harbor City, it is assumed the Harbor City would require 14 staff positions. It should be noted, however, that the City has asserted that it will likely need additional staff in the department's Treasury division.<sup>36</sup>

#### Contractual Services

The department currently does not provide services through contracts with outside organizations, nor are any of its operations or programs funded by grants from outside agencies.

#### **Projected Revenues**

The ability of the new Harbor City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources

<sup>35</sup> The City is beginning the process of updating the TAPS system hardware and software to "TAPS 2000." The department expects to execute the contract for upgrading the system during fiscal year 2000-01, and the upgrade process is expected to last several years.

<sup>36</sup> Office of Finance Response to City Job Number 703, p. 3.



available to fund the Office of Finance in the new Harbor City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the department are transferable to the Harbor.

The City of Los Angeles has historically funded the department primarily from the General Fund, but has also relied on limited use of two special purpose funds: the Sewer Construction and Maintenance Fund and the Anti-Smoking Fund. The table below shows the department's sources of funds for fiscal year 2000-01.

**CITY OF LOS ANGELES – OFFICE OF FINANCE  
SOURCES OF FUNDS**

| <u>Sources of Funds</u>                      | <u>2000-01<br/>Budget</u> |
|----------------------------------------------|---------------------------|
| City Funds:                                  |                           |
| General Fund                                 | \$ 18,716,911             |
| Sewer Construction and Maintenance Fund (14) | 514,953                   |
| Anti-Smoking Fund (29)                       | 49,600                    |
| <br>Total                                    | <br>\$ 19,281,464         |

As the table above indicates, the primary source of funds for the department is the City's General Fund, which contributes over 97% of the department's budget in fiscal year 2000-01.

Another source of funds for the department is the Sewer Construction and Maintenance Fund, which accounts for roughly 2.7% of the department's 2000-01 budget. The Fund gets most of its receipts from sewer service charges and other fees the City receives for providing sewage services. As discussed in section "- Wastewater System," it has been assumed in this fiscal analysis that the City would retain ownership and control of the City wastewater system.

The final source of funds for the department is the Anti-Smoking Fund, which supplies 0.25% of its 2000-01 budget. The Anti-Smoking Fund's receipts come from the "Mangini Settlement", a 1997 settlement with a major tobacco company under which the company agreed to pay \$1.5 million to the City of Los Angeles to fund anti-smoking advertising and education. It is assumed that these funds can be transferred to the new Harbor City. The amount of Anti-Smoking Fund funding available to the Harbor is estimated by applying the proportion of staff citywide transferred to the Harbor City to the amount Anti-Smoking funds appropriated to the department in fiscal year 2000-01.

Another element of the new Harbor City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Finance Department in fiscal year 2000-01.



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**FINANCE DEPARTMENT  
GENERAL FUND DEPARTMENTAL RECEIPTS**

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| <u>Revenue Source</u>          | <u>2000-01<br/>Budget</u> |
|--------------------------------|---------------------------|
| Quasi-External Transaction     | \$ 1,272,001              |
| Other Current Service Charges  | 65,000                    |
| Reimbursement from Other Funds | 519,791                   |
| <br>Total Finance              | <br>\$ 1,856,792          |

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The department in the new Harbor City would similarly generate fees for services it provides, and these fees would be contributed to the Harbor City's general fund. The amount of General Fund Departmental Receipts currently generated by the Harbor, as well as other general fund receipts that would be contributed to the Harbor City general fund, are discussed in section "Transfer of Revenue."

The Harbor City general fund contribution to the new department is estimated to be that amount required to match total sources of funds with total department expenditures, after accounting for other funding sources.



## **Fire**

The Fire Department performs several public safety functions. It is responsible for preventing and suppressing fires and for investigating their causes. The department also responds to medical emergencies, and performs search, rescue and other emergency operations. Finally, the department enforces regulations related to fire safety, underground storage tanks, and hazardous materials.

### **Distribution of Service within City**

In describing where and how the Fire Department delivers services, it is useful to divide the department's activities into three categories: (1) direct services to the public in the form of fire fighting and life saving activities; (2) direct services to the public in the form of regulatory and enforcement activities; and (3) various intra-department technical and operations support functions.

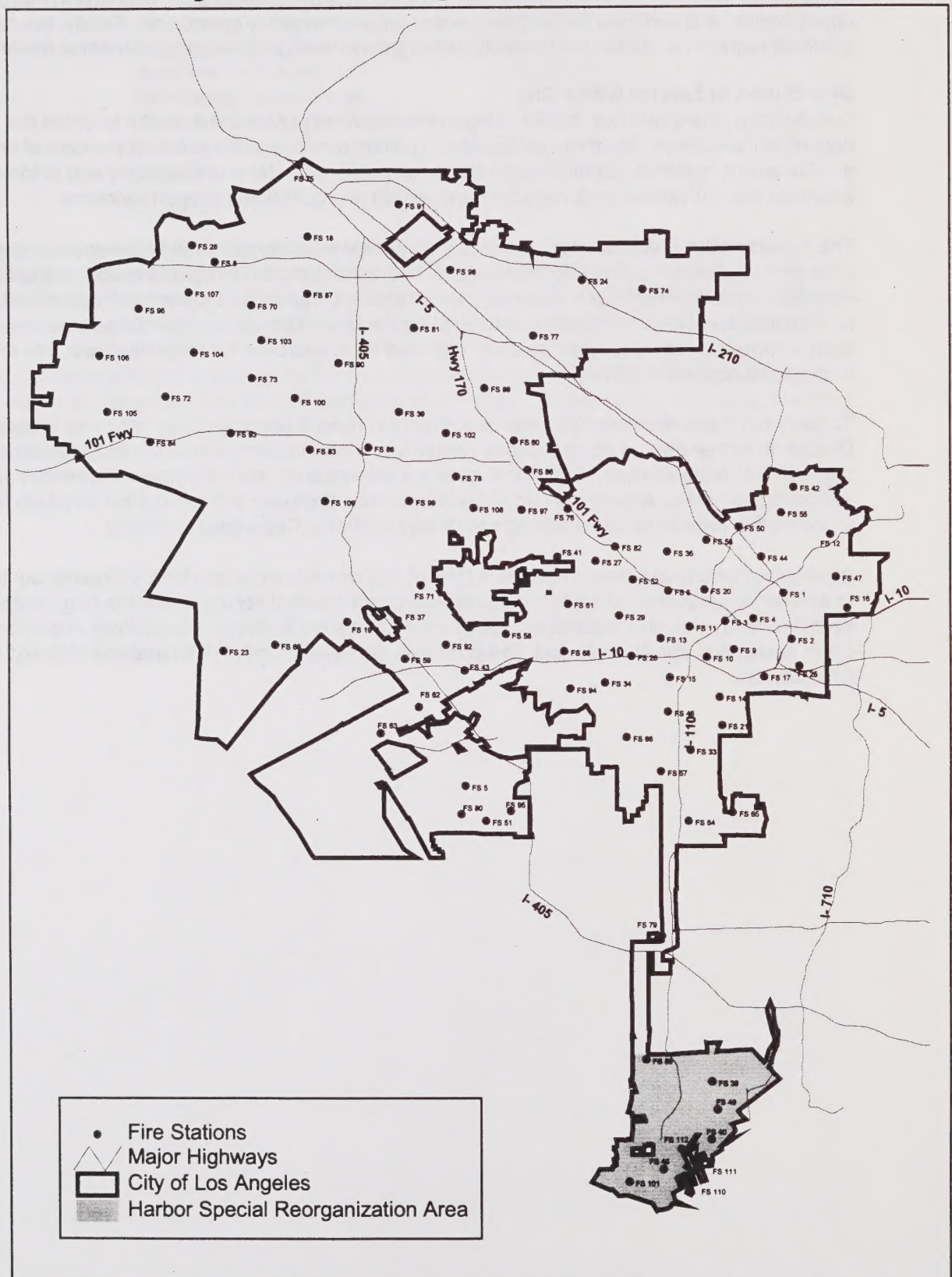
The department's direct services include fire suppression, emergency medical services, and various emergency operations. Fire suppression activities consist of controlling and extinguishing fires. Emergency medical services consist of medical and/or paramedic treatment at the scene of accidents or illness and providing transportation to a medical facility. Emergency operations take several forms, such as physical rescues, major brush or high-rise fires, searches for lost individuals, and incidents involving hazardous materials.

To carry out these direct services, the department is divided geographically into three Divisions. Each Division is further divided into Battalions (either 5 or 6 per Division), with each Battalion consisting of between 5 to 8 fire stations. Battalion 6 covers a service area that encompass the Harbor special reorganization area. Among the department resources deployed within Battalion 6 include five fireboats that provide services almost exclusively to Harbor Department property.

As shown on the map below, there are a total of 102 active fire stations located throughout the City. In addition to personnel, all firefighting and emergency medical services vehicles (e.g., engine trucks, aerial ladder trucks, and ambulances) are located at the fire stations. Also utilized in providing these direct services is Van Nuys Airport, which houses the department's Air Operations Unit and its fleet of 6 helicopters.



# City of Los Angeles Fire Stations





As of fiscal year 2000-01, each fire station in Battalion 6, which consists of 7 land based fire stations and two additional stations used solely as berths for fireboats, are located within the Harbor special reorganization area. Also based in the Harbor area is the Harbor Fire Prevention Branch Office, located at 638 Beacon Street, San Pedro. (These assets are described in greater detail in the "Proposed Apportionment" section below.)

Another form of direct services the department provides is several regulatory and enforcement activities. These direct services, aimed primarily at preventing fires and other threats to public safety, include inspections to enforce fire safety regulations and the regulation of underground storage tanks and hazardous materials. These services also include arson investigation. Most of the regulatory and enforcement activities are carried out by staff located at central offices in and near downtown Los Angeles, particularly at the department headquarters at 200 N. Main Street.

The third broad area of department activity is technical and operations support functions. These support functions include the following: training of new recruits and existing firefighters, equipment supply and maintenance, emergency dispatch, and information systems.

With respect to training, the department has two main training facilities. The primary facility is the Frank Hotchkin Memorial Training Center, located near downtown Los Angeles at 1700 Stadium Way. The Hotchkin Center provides all In-Service training for existing firefighters and some training of new recruits. It is also the base for several units within the department, such as the Quality Improvement Section and the Arson Investigation Section. The other training facility is the Valley Training Academy (also called "Drill Tower 89"), located at 7063 Laurel Canyon Boulevard, North Hollywood. This serves as the main training facility for new recruits; it lacks the necessary resources (e.g., enough classrooms) to serve as an In-Service training facility as well.

Supply and maintenance is another support function provided within the department. It consists of procuring and maintaining all the vehicles, equipment and supplies required by the department. All emergency medical supplies are stored at central offices located at 140 N. Avenue 19, Los Angeles. Most maintenance and repair takes place at these central offices as well, particularly extensive maintenance services such as painting emergency vehicles or repairs that require special lifting equipment for heavy vehicles.

A third support function relates to the department's communications systems, in particular the Fire Command and Control System II (FCCS II). The FCCS II system is a collection of hardware, software, and communications networks that allows department personnel to communicate with each other and provides the ability to dispatch emergency resources. This system is administered from downtown offices at 200 N. Main, although the mobile FCCS II equipment is used by emergency services personnel in the field.

Management information systems (i.e., computers and computer networking systems) are a fourth support function provided within the department. This includes all the computer hardware and software that support the department's operations. All information systems administration is carried out at downtown offices at 200 N. Main Street.

### **Proposed Apportionment**

The proposed apportionment seeks to provide the new Harbor City with responsibility for the services the Harbor area currently receives from the Fire Department. Such an apportionment could be accomplished by transferring to the new Harbor City: (1) those department personnel that, as of fiscal year 2000-01, provide services to the Harbor, with the exception of department personnel responsible for centralized information and communications systems. For those department staff that remain employees of the City of Los Angeles but provide services to the new Harbor City, it is envisioned that these employees would perform this work under the terms of a contract agreement between the City of Los Angeles and the Harbor City; (2) the 9 fire stations (7 land based stations and 2 stations that serve as berths for fireboats) located within the Harbor special reorganization area, and the vehicles



and equipment assigned to these fire stations; and (3) a proportionate share of the centralized assets used to provide technical and operations support for the department, with the exception of centralized information and communications systems that cannot feasibly be transferred. For the centralized equipment that remains the property of the City of Los Angeles but continue to provide services to the new Harbor City, it is envisioned that the Harbor City would contract with the City of Los Angeles to continue these services.

An additional component of the proposed apportionment is the assumption that an agreement will be formed between the new Harbor City and the City of Los Angeles Harbor Department under which the Harbor Department will reimburse the new Harbor City for the cost of providing fire department services to Harbor department property. (See section "Transfer of Service, Costs, Revenues, and Assets – Transfer of Revenue" for more discussion of the structure and cost of this proposed reimbursement agreement.)

#### Transfer of City Personnel

The number of department staff that, as of fiscal year 2000-01, provide services to the Harbor can be estimated based on the current location of staff as well as the estimated workload and service needs in the Harbor. For fiscal year 2000-01 the Fire Department has 3,496 budgeted positions, ten of which are Commissioners. The department is divided into 7 divisions, the functions of which are described in the table below.

#### **FIRE DEPARTMENT INTERNAL DIVISION FUNCTIONS**

| <u>Division</u>                   | <u>Function</u>                                                                                                                                                                                           |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Management                        | Provides overall department management and oversight.                                                                                                                                                     |
| Operations                        | Directs the department's line functions, which includes Emergency Services, Fire Prevention and Public Safety, Support Services, and Human Services.                                                      |
| Emergency Services                | Responsible for fire suppression & emergency medical care (i.e., Paramedic services).                                                                                                                     |
| Fire Prevention and Public Safety | Responsible for preventing fires, enforcing fire-related building regulations, and for ensuring the safety of certain public facilities (e.g., schools, churches).                                        |
| Support Services                  | Provides technical and operations support services including computer systems, operations control dispatch (i.e., the "911" telephone system), and procurement and maintenance of equipment and supplies. |
| Human Services                    | Responsible for hiring and training new recruits, ongoing training and certification of firefighters, and for department-wide quality improvement.                                                        |
| Administrative Services           | Responsible for internal administrative and clerical/support functions such as accounting, payroll, budgeting, graphics, brochures, and billing.                                                          |

Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Harbor. As shown in the table below, it is estimated that a total of 296 positions provide service to the Harbor, excluding positions that currently provide services to the Harbor but, as discussed in more detail herein, are assumed to remain with the City of Los Angeles while providing services to the Harbor on a contractual basis. A special reorganization would thus result in 296 positions, or roughly 8.5% of the department's staff, being transferred to the new Harbor City.



**FIRE DEPARTMENT  
ALLOCATION OF WORKLOAD AND PERSONNEL**

| <u>Division</u>                 | <u>Allocation Method</u>                                       | <u>Positions*</u> | <u>Harbor Allocation</u> |
|---------------------------------|----------------------------------------------------------------|-------------------|--------------------------|
| Management                      | Proportion of employees                                        | 31                | 3                        |
| Operations                      | Proportion of employees                                        | 14                | 1                        |
| Emergency Services              | Location of employees; Proportion of employees                 | 2,754             | 234                      |
| Fire Prevention & Public Safety | Location of employees; Proportion of employees                 | 253               | 30                       |
| Support Services                | Proportion of employees (Portion of employees not transferred) | 244               | 12                       |
| Human Services                  | Proportion of employees                                        | 112               | 9                        |
| Administrative Services         | Proportion of employees                                        | 78                | 7                        |
| Total                           |                                                                | 3,486             | 296                      |

\* Number of positions per division based on the 1999-00 organization chart and excludes ten Commissioners. Discrepancies between the number of budgeted positions for fiscal year 2000-01 and the number of positions on the organization chart were reconciled to match the number of budgeted positions.

The methodology used to estimate the number of positions providing service to the Harbor is as follows. For the Emergency Services Bureau, two groups of staff positions require separate apportionment methodologies. The first are those positions assigned to one of Emergency Services' three geographic Divisions. The apportionment method used for these positions is based on their geographic location: all positions stationed at fire stations located in the Harbor special reorganization area would be apportioned to the Harbor. This consists of 232, or 8.5%, of the 2,725 positions assigned to Divisions.

A second group of positions in the Emergency Services Bureau are those not assigned to any of the Bureau's three Divisions. These consist of 29 positions either located in downtown offices or assigned to special units (e.g., Air Operations) that serve the entire City. For these positions, "proportion of employees" is the apportionment basis: it is calculated by multiplying the number of Harbor-located positions as a percentage of positions in all Divisions (8.5%, as calculated above) by the number of positions not assigned to a Division (29). This totals 2 positions. These 2 positions are added to the 232 positions already apportioned, for a total of 234 Emergency Services Bureau positions apportioned to the new Harbor City. The logic of this apportionment is that the Bureau's 29 centralized and special unit positions primarily support Division operations. Since 8.5% of all Division positions are located in the Harbor, a reasonable estimate is that the same percentage of the Bureau's 29 non-Division positions provides services to the Harbor.

Like Emergency Services, the Bureau of Fire Prevention and Public Safety also consists of two groups of positions that require separate apportionment methodologies. The first group consists of "distributed" positions, which are those assigned to units that serve a particular geographic area of the City.<sup>37</sup> As of fiscal year 1999-00, a total of 60 positions fall into this category. Of these positions, 7, or

<sup>37</sup> This includes the following units: Central Industrial, Valley, West, Harbor, West Public Assemblage, Central Public Assemblage, and Valley Public Safety.



11.7%, are located in the Harbor. Because these 7 positions are located in the Harbor, they are apportioned to the new Harbor City.

The second group consists of positions either located in downtown offices or assigned to special units that serve the entire City. For these positions, "proportion of employees" is the apportionment basis: its is calculated by multiplying the number of Harbor-based positions as a percentage of all "distributed" positions (11.7%, as calculated above) by the number of positions either based in downtown offices or assigned to Citywide special units, which totals 23 positions. These 23 positions are added to the 7 positions already apportioned, for a total of 30 positions apportioned to the new Harbor City. The logic of this apportionment is that the number of Harbor-based positions as a percentage of all the Bureau's "distributed" positions provides a proxy measure of the of the degree to which the Bureau provides services to the Harbor. Since 11.7% of all "distributed" positions are located in the Harbor, this same percentage factor is applied to the Bureau's 193 positions located in downtown offices or assigned to citywide special units.

For the Support Services division, this report assumes that a portion of the positions in this division – specifically, those within the Management Information Systems group -- that currently provide services to the Harbor will remain employees of the City of Los Angeles but continue to provide services to the Harbor under the terms of a contractual agreement. This is because it is assumed in this report that, for both financial and technological reasons, the Harbor City will initially contract for its major information and communications technology services with the City of Los Angeles. (See section "Transfer of Equipment and Facilities" below for a description of the Fire Department's major information/communications technology systems. See also chapter "Information Technology Agency" for a discussion of the proposal for providing the Harbor City with information and communications technology services.)

For the remaining portion of the Support Services division and the department's other four departmental divisions – Management, Operations, Human Services, and Administrative Services – the number of positions providing service to the Harbor is estimated based on the proportion of employees in the department's other divisions providing services to the Harbor. These five divisions primarily support the activities of the department's two divisions that provide direct services to the public – the Emergency Services Bureau and the Bureau of Fire Prevention and Public Safety. Thus the proportion of employees in the Emergency Services Bureau and the Bureau of Fire Prevention and Public Safety providing services to the Harbor provides a measure of the positions in the five support divisions providing services to the Harbor

#### Sufficiency of Staff Apportioned to Harbor and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Fire Department do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the department's 3,486 non-Commissioner positions, roughly 91.7% are professional/technical. The professional/technical positions consist of all the department's Fire Fighters and Fire Captains, systems analysts, specialists in various trades (e.g., automotive mechanics, and electricians), Management Analysts, and Accountants. The clerical/administrative category comprises 5.7% of department staff. It includes Typists, Secretaries, various Aides, and other clerical staff. Finally, roughly 2.6% of department staff are either upper management or highly specialized. Among these positions are those designated "Chief" (e.g., Fire Chief, Chief Management Analyst, Deputy and Assistant Chiefs, and Battalion Chiefs). This category also includes the Director of Systems.

To achieve, at least in percentage terms, a roughly similar mix of skills and experience among department staff in the new Harbor City, the 296 positions apportioned to the Harbor would consist of the following: 271 professional/technical, 17 clerical/administrative, and 8 specialist/management.



Given its current mix of position categories, the department appears to contain sufficient staff in each category to allow for such a transfer.

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**FIRE DEPARTMENT  
COMPOSITION OF WORKFORCE**

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| <u>Category</u>         | <u>Positions</u> | <u>% of<br/>Total</u> |
|-------------------------|------------------|-----------------------|
| Professional/Technical  | 3,197            | 91.7%                 |
| Clerical/Administrative | 199              | 5.7%                  |
| Management/Specialists  | 91               | 2.6%                  |
| Total                   | 3,486            |                       |

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Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Harbor City the facilities, equipment and other assets used to provide services to the Harbor. In general, this would include transferring facilities located in the Harbor, as well as the resources located at those facilities, to the new Harbor City. It would also generally include transferring a proportionate share of centrally located equipment and other assets to the new Harbor City, with the exception of certain asset categories discussed below.

Given these general criteria, the proposed apportionment would include the following specific assets: (1) the 9 fire stations located in the Harbor special reorganization area (7 land based stations and 2 stations serving as fireboat berths), as well as the assets deployed at these fire stations; and (2) certain vehicles and equipment used in the department's special units, such as Air Operations.

With respect to fire stations, the table lists the fire stations located in the Harbor that would be transferred to the Harbor City. The table lists the 9 fire stations in Battalion 6. The 9 fire stations apportioned to the Harbor account for roughly 8.8% of the department's 102 active fire stations Citywide as of fiscal year 2000-01, although two of the stations in the Harbor area serve solely as berths for fireboats that provide services exclusively to Harbor Department property.



**RE DEPARTMENT  
FIRE STATIONS TRANSFERRED TO THE HARBOR CITY**

| <u>Station</u>   | <u>Station Address</u>                                                     | <u>Resources</u>                                    |
|------------------|----------------------------------------------------------------------------|-----------------------------------------------------|
| Fire Station 38  | 124 E. I Street, Wilmington 90744                                          | Rescue Ambulance, Task Force                        |
| Fire Station 40  | 330 Ferry Street, Terminal Island 90731<br>(Leased from Harbor Department) | Engine                                              |
| Fire Station 48  | 1601 S. Grand Avenue, San Pedro 90731                                      | Task Force, Hazardous Materials Squad               |
| Fire Station 49  | 400 Yacht Street, Berth 194, Wilmington 90744                              | Engine, Fireboat #3, Fireboat #4                    |
| Fire Station 85  | 1331 W. 253 <sup>rd</sup> Street, Harbor City 90710                        | Task Force, Rescue Ambulance                        |
| Fire Station 101 | 1414 25 <sup>th</sup> Street, San Pedro 90732                              | Engine, Rescue Ambulance                            |
| Fire Station 110 | 2945 Miner Street, Berth 44A, San Pedro 90731                              | Fireboat #5                                         |
| Fire Station 111 | 1444 S. Seaside Avenue, Berth 256, Terminal Island 90731                   | Fireboat #1                                         |
| Fire Station 112 | 444 S. Harbor Boulevard, Berth 86, San Pedro 90731                         | Engine, Rescue Ambulance, Foam Carrier, Fireboat #2 |

The proposed apportionment does not include transferring to the new Harbor City any of the department's training facilities. As discussed above, the department has two such facilities. One is the Valley Training Academy (also called "Drill Tower 89"), located at 7063 Laurel Canyon Boulevard, North Hollywood. The Valley Academy currently serves as the department's main training facility for new recruits. The facility lacks, however, the necessary resources (e.g., sufficient classroom space) to serve as an In-Service training facility as well. For In-Service training, the department utilizes the Frank Hotchkin Memorial Training Center, located near downtown Los Angeles at 1700 Stadium Way. For the purposes of this report, it is assumed that a new Harbor and the City of Los Angeles will form an agreement under which the Harbor City will utilize these training facilities and compensate the City of Los Angeles for any expenses the City may incur.

A third category of assets subject to the proposed apportionment is assets associated with some of the department's "special units." One such unit consists of the department's fleet of six helicopters. The fleet is based at Van Nuys Airport and is involved in activities such as water dropping, air ambulance, and earthquake reconnaissance. Given the relatively small population and geographic area of the Harbor, it is assumed that no department helicopters would be transferred to the new Harbor City.

A fourth category of assets subject to the proposed apportionment is the hardware and software used for the department's information and communications systems. The most significant of these is the Fire Command and Control System II (FCCS II). The FCCS II system consists of three elements: the FCCS II application, a broader communications infrastructure, and the 9-1-1-telephone dispatch system. The FCCS II application is a combination of software and communications networks customized for use by the Los Angeles Fire Department. The broader communications infrastructure utilizes various kinds of hardware, networking, and communications technology shared with the Police Department and other City departments. Several main components of this infrastructure are centralized at the City Hall's Communications Services Center. The final element of the FCCS II



systems is the 9-1-1-telephone dispatch system. All of the FCCS II call handling and dispatching takes place in the City's downtown dispatch center.

The FCCS II system is administered from downtown offices at 200 N. Main, although the mobile FCCS II equipment is used by emergency services personnel in the field. The portable components of the FCCS II system include, as of fiscal year 2000-01, 2,070 portable hand-held radios, 1,400 mobile radios, and 630 mobile data terminals.

As is discussed in detail in the chapter "Information Technology Agency", in many cases it is not financially or technologically feasible to divide these integrated, highly customized information and communications systems into separate systems that both the Harbor City and the City of Los Angeles could operate independently. For this reason, this report assumes that the City of Los Angeles will provide the Harbor City with the necessary information and communications technology services under the terms of a contractual agreement. It is assumed, however, that the portable hardware components of the FCCS II would be apportioned to the new Harbor City as part of the equipment inventory existing at the 9 fire stations located in the Harbor.

#### Transition of Service to New City

A critical transition issue is the need to analyze the potential impact on the level of fire service provided in the Harbor and the remaining City of Los Angeles. Depending on the nature of the transition of fire services to the new Harbor City (e.g., whether the Harbor contracted for certain services for a certain period of time), it is critical that careful analysis be conducted on how the transition would affect public safety performance measures, such as response times to incidents.

Assuming this issue is addressed, it is assumed that the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable.

#### **Projected Expenditures**

The department's projected expenditures for fiscal year 2000-01 are roughly \$360.7 million. As shown in the table below, the majority of department expenditures (roughly 91%) are for staff salaries.

#### **CITY OF LOS ANGELES – FIRE DEPARTMENT USES OF FUNDS**

| <u>Uses of Funds</u>      | <u>2000-01<br/>Budget</u> |
|---------------------------|---------------------------|
| Expenditures:             |                           |
| Salaries                  | \$ 327,699,868            |
| Expenses                  | 16,158,356                |
| Equipment                 | 1,242,240                 |
| Interdepartmental Charges | 15,552,919                |
| Total Expenditures        | \$ 360,653,383            |

In estimating expenditures, it is assumed the Harbor City Fire Department will require 296 positions throughout the entire planning period.

#### Contractual Services

The department's fiscal year 2000-01 budget for contractual services is roughly \$1.8 million. The services contracted for include stress management, emergency medical advisor services, and various other services. It is assumed that the new city's Fire Department will require similar contract services, and that these costs can be estimated based on the proportion of department staff being transferred to the Harbor (8.5%, as calculated above).



In addition, this report assumes that the Harbor will contract with the City of Los Angeles for information technology services. It is estimated that these contract services will cost the Harbor the equivalent of 9 Fire Department positions, of which 7 are sworn personnel and 2 are civilian. Using the average per-employee salary in the department (including overtime), and an overhead ("CAP") rate of 94.75% for civilians and 62.2% for sworn positions,<sup>38</sup> the Harbor's annual contract cost for these services is estimated to be roughly \$1.4 million.

### Projected Revenues

The ability of the new Harbor City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Fire Department in the new Harbor City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the department are transferable to the Harbor.

The City of Los Angeles has historically funded the department primarily from the General Fund, but has also relied on several other sources of funds. The table below shows the department's sources of funds for fiscal year 2000-01.

| <b>CITY OF LOS ANGELES – FIRE DEPARTMENT<br/>SOURCES OF FUNDS</b> |                                  |
|-------------------------------------------------------------------|----------------------------------|
| <b><u>Sources of Funds</u></b>                                    | <b><u>2000-01<br/>Budget</u></b> |
| City Funds:                                                       |                                  |
| General Fund                                                      | \$ 353,987,132                   |
| Local Public Safety Fund (17)                                     | 6,000,000                        |
| Proposition C Anti-Gridlock Transit Fund (27)                     | 185,551                          |
| Fire Hydrant Install Fund (29)                                    | 480,700                          |
| Total                                                             | \$ 360,653,383                   |

It is assumed that each of the revenue sources above could be transferred to the new Harbor City based on the revenue allocation percentages listed on Table R-8 in Appendix II.

Another element of the new Harbor City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Fire Department in fiscal year 2000-01. The Fire Department in the new Harbor City would similarly generate fees for services it provides, and these fees would be contributed to the Harbor City's general fund. It is therefore assumed that these revenues could be apportioned to the new Harbor City based on the percentage shown in Table R-7 in Appendix II.

<sup>38</sup> CAP Rate calculated using City of Los Angeles 2000-01 indirect cost rates for Fire Department employees. The rate consists of the sum of the Fringe Benefit rate (24.20% civilian, 34.11% sworn), Central Services (17.42% civilian, 18.72% sworn), and Department Administration and Support (53.13% civilian, 9.39% sworn).



**FIRE DEPARTMENT  
GENERAL FUND DEPARTMENTAL RECEIPTS**

| <b><u>Revenue Source</u></b>               | <b><u>2000-01<br/>Budget</u></b> |
|--------------------------------------------|----------------------------------|
| Assessments                                | \$ 1,521,005                     |
| Other Licenses and Permits                 | 1,600,000                        |
| State Mandated Program Reimbursements      | 0                                |
| Reimbursements from other Agencies         | 50,000                           |
| Revenue from other Agencies                | 0                                |
| Other General Government Services          | 500                              |
| Special Fire Department Services           | 5,290,000                        |
| Plan Checking Fees                         | 150,000                          |
| Special Fire Department Services           | 5,565,000                        |
| Engineering Fees Inspection other Services | 420,000                          |
| Weed and Cleaning                          | 245,322                          |
| First Aid and Ambulance Service Charge     | 28,982,284                       |
| Quasi-External Transaction                 | 23,815,957                       |
| Special Fire Department Services           | 0                                |
| Miscellaneous Revenues                     | 228,942                          |
| Reimbursements from other Funds            | 0                                |
| Other Financing Sources                    | 0                                |
| Special                                    | 297,060                          |
| <b>Total Fire</b>                          | <b>\$ 68,166,070</b>             |



## **General Services**

The Department of General Services provides services that support the operations of other City departments. Its activities fall into five broad categories: (1) repair and maintenance of the City's vehicle fleet; (2) day-to-day building services, such as custodial, security, and inter-office mail and messenger services; (3) property management and construction-related activities; (4) management of City inventories and the purchasing of equipment and supplies for City departments; and (5) printing and publishing services.

### **Distribution of Service within City**

As indicated above, the department provides no direct services to the public. It instead serves the public indirectly by providing services to other City departments. It provides these services from 21 separate office locations throughout Los Angeles. The department also manages 72 warehouses and stock rooms at which City supplies and equipment are stored. Department headquarters is located at 111 E. First Street (City Hall South), and centralized program and administrative support staff are located both at the headquarters and at several City offices in downtown Los Angeles.

The department's responsibilities related to the City's vehicle fleet include the repair and maintenance of roughly 9,000 pieces of equipment and vehicles operated by the City's non-proprietary departments, excluding the Police and Fire Departments. The vehicles maintained include automobiles, trucks, helicopters, and special purpose equipment. Additional responsibilities include ongoing fleet reengineering efforts, which consist of developing ways to better utilize the City's fleet, consolidating and automating the City's fuel sites, and both upgrading and removing the City's underground storage tanks. The City's fleet repair and maintenance facilities are located in 13 locations across Los Angeles, of which one is within the Harbor special reorganization area. (A complete description of the fleet resources in the Harbor appears in the "Proposed Apportionment" section below.)

In addition to fleet services, the department also provides several day-to-day building services for all City departments, excluding the proprietary departments and the Department of Recreation and Parks. These services include mail/messenger services, custodial and recycling services, parking management, and security services. The department provides most of these services only to City-owned facilities; services to the facilities the City leases are generally the responsibility of the building owner. As of fiscal year 2000-01, the department provides at least some services to 842 buildings and structures citywide, of which 30, or 3.6%, are located in the Harbor.

A third broad area of department activities is property management and several facility construction functions. The department manages the City's real estate assets, and, in conjunction with City departments, determines facilities needs and site locations. The department also carries out numerous functions related to the construction of City buildings and structures. This includes providing laborers from various trades (e.g., plumbers, carpenters) to construct City facilities. It also includes providing repairs and alterations to facilities, and the upkeep of these facilities' major systems and equipment (e.g., elevators, electrical systems). The department's property management personnel are located in downtown offices at 111 E. First Street. Personnel involved in construction-related activities are located both in downtown offices and in department offices in several regions of the City, though no such office is located in the Harbor area.

A fourth group of services the department provides is the purchasing of supplies and equipment for other City departments and the management of City inventories. This includes overseeing the City's 72 warehouses and stock rooms, two of which are located in the Harbor special reorganization area. (A list of the warehouses located in the Harbor appears in the "Proposed Apportionment" section below.) Department staff involved in purchasing and inventory management are located at department headquarters, at Piper Technical Center in downtown Los Angeles (555 Ramirez Street), and at the Hyperion waste management facility located at 12000 Vista Del Mar, Playa Del Rey.



A final area of department activities is printing and publishing services. This consists of providing other City departments with services such as document duplicating, specialized graphics, and business card ordering. All printing and publishing personnel are located at Piper Technical Center.

### **Proposed Apportionment**

The proposed apportionment seeks to have the new Harbor City assume responsibility for providing the services the Harbor currently receives from the Department of General Services. Such an apportionment could be accomplished by apportioning to the new Harbor City: (1) those department personnel that, as of fiscal year 2000-01, provide services to the Harbor; (2) those vehicles that provide services to the Harbor that are part of the vehicle fleet maintained by the department; (3) all department facilities located in the Harbor, as well as the equipment and other assets located at those facilities; and (4) a proportionate share of the centralized assets used to provide direct administrative support for the department.

### **Transfer of City Personnel**

In order to estimate the number of department staff providing services in the Harbor, a review of the differing functions and mandates of the department has been undertaken. The staffing attributable to the Harbor can be estimated based on the current location of staff as well as the potential demand for services provided in the Harbor.

For fiscal year 2000-01 the Department of General Services has 1,673 budgeted positions. The department is divided into 18 divisions, the functions of which are described in the table below.



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## DEPARTMENT OF GENERAL SERVICES INTERNAL DIVISION FUNCTIONS

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| <u>Division</u>                        | <u>Function</u>                                                                                                                                                                                                    |
|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Management                             | Responsible for overall department management and oversight.                                                                                                                                                       |
| Fleet Re-engineering                   | Responsible for improving City's utilization of vehicles and equipment, and for improving the City's fuel delivery infrastructure.                                                                                 |
| Fleet Services                         | Manages the vehicle fleet (e.g., autos, trucks, helicopters, special equipment) for Council-controlled departments, excluding Fire and Police; designs and modifies special mobile equipment.                      |
| Standards                              | Tests materials for quality control and provides engineering services such as testing for soil and groundwater contamination.                                                                                      |
| Asset Management                       | Maintains inventory of City's real property assets and develops facilities needs plans.                                                                                                                            |
| Construction Forces                    | Provide technical expertise and labor for City construction projects and building renovations.                                                                                                                     |
| Building (Craft) Maintenance           | Maintains and repairs all public buildings and surplus properties under Council control excluding Convention Center.                                                                                               |
| Supply Services (Purchasing/Materials) | Purchases equipment, materials, supplies and services for City departments; manage procurement and logistics agreements with City vendors for the department's purchasing, contracting, and warehousing functions. |
| Publishing Services                    | Provides printing, binding and graphics services to City departments.                                                                                                                                              |
| Accounting Services                    | Responsible for accounting for the department's budgetary expenditures, payroll, and chargebacks.                                                                                                                  |
| Finance & Special Operations           | Prepares and monitors department budget; coordinates efforts of City departments for special events/projects (e.g., visiting dignitaries).                                                                         |
| Personnel Services                     | Responsible for department-wide personnel issues including discipline, employee relations, and personnel processing.                                                                                               |
| Management Information Services        | Develops, maintains and supports the department's information technology systems.                                                                                                                                  |
| Mail and Messenger Services            | Processes and delivers inter-office correspondence.                                                                                                                                                                |
| Facilities Recycling                   | Implements the City's recycling program.                                                                                                                                                                           |
| Parking Services                       | Operates the City's employee and commercial parking facilities, enforces parking regulations, and provides special services such car wash and maintenance.                                                         |
| Custodial Services                     | Responsible for trash removal, vacuuming, floor washing and other custodial services in all City buildings.                                                                                                        |
| Security Services                      | Provides security for City facilities and public buildings.                                                                                                                                                        |

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Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Harbor. As shown in the table below, it is estimated that a total of 57 positions, or 3.4% of all departmental staff, provide service to the Harbor.



**DEPARTMENT OF GENERAL SERVICES  
ALLOCATION OF WOKLOAD AND PERSONNEL**

| <u>Division</u>                        | <u>Allocation Method</u>                       | <u>Positions</u> | <u>Harbor<br/>Allocation</u> |
|----------------------------------------|------------------------------------------------|------------------|------------------------------|
| Management                             | Proportion of employees                        | 10               | 0                            |
| Fleet Re-engineering                   | Location of employees                          | 14               | 0                            |
| Fleet Services                         | Location of employees                          | 495              | 12                           |
| Standards                              | Location of City-owned structures              | 109              | 5                            |
| Asset Management                       | Location of City structures (leased and owned) | 33               | 1                            |
| Construction Forces                    | Staff availability                             | 2                | 0                            |
| Building (Craft) Maintenance           | Location of City-owned structures              | 192              | 8                            |
| Supply Services (Purchasing/Materials) | Location of City structures (leased and owned) | 285              | 10                           |
| Publishing Services                    | Proportion of employees                        | 40               | 1                            |
| Accounting Services                    | Proportion of employees                        | 42               | 1                            |
| Finance/Special Operations             | Proportion of employees                        | 13               | 0                            |
| Personnel Services                     | Proportion of employees                        | 16               | 1                            |
| Management Information Systems         | Proportion of employees                        | 15               | 1                            |
| Mail and Messenger Services            | Location of City structures (leased and owned) | 33               | 1                            |
| Facilities Recycling                   | Location of City-owned structures              | 20               | 1                            |
| Parking Services                       | Location of City-owned parking facilities      | 19               | 1                            |
| Custodial Services                     | Location of City-owned structures              | 260              | 11                           |
| Security Services                      | Location of City-owned structures              | 75               | 3                            |
| Total                                  |                                                | 1,673            | 57                           |

The methodology used to estimate the number of positions providing service to the Harbor is as follows. For five divisions – Standards, Building Maintenance, Facilities Recycling, Custodial Services, and Security Services – positions are assumed to provide service to the Harbor based on the location of City-owned buildings maintained by the Department of General Services. Analysis of City data indicates that of a total of 656 buildings owned by the City and maintained by the department, 27, or 4.1%, are located in the Harbor. Thus 4.1% of the positions in these five divisions are estimated to be providing services to the Harbor. The logic of this apportionment is that since employees in these divisions provide various services (e.g., custodial, security, routine physical maintenance) to City-owned buildings, the proportion of City-owned buildings in the Harbor provides a reasonable estimate of the number of positions serving the Harbor.

Three divisions – Asset Management, Supply Services (i.e., Purchasing/Materials Management), and Mail and Messenger Services – are assumed to provide service to the Harbor based on the location of all City buildings (both owned and leased) maintained by the department. Analysis of City data indicates that of a total of 842 buildings either owned or leased by the department and maintained by



the department, 30, or 3.6%, are located in the Harbor.<sup>39</sup> Thus 3.6% of the positions in these three divisions are estimated to be providing services to the Harbor. The logic of this apportionment is that since employees in these divisions provide various services (e.g., mail and facilities recycling) to both City-owned and City-leased buildings, the proportion of all City buildings in the Harbor provides a reasonable estimate of the number of positions serving the Harbor.

Both of the department fleet-related divisions – Fleet Services and Fleet Re-engineering – are assumed to provide service to the Harbor based on the location of employees in the Fleet Services division. Fleet Services is responsible for managing and maintaining most of the City's vehicle fleet. The division has vehicle maintenance facilities citywide, and it is assumed in this analysis that the City's fleet vehicles are maintained at facilities within the region they serve. Given this assumption, it is estimated that all positions located in the Harbor, which is 12, or 2.4%, of the division's 495 positions, are primarily maintaining vehicles that provide services to the Harbor. This same percentage (2.4%) is applied to apportion positions in the Fleet Re-engineering division, although this would result in no Fleet Re-engineering positions being transferred to the new Harbor City.

For the Parking Services division, positions are assumed to provide service to the Harbor based on the proportion of all City-owned off-street parking lots that are located in the Harbor. City data indicate that 8 of the City's 115 off-street parking lots, or roughly 7%, are located in the Harbor. Because the Parking Services division provides services to City-owned parking lots, it is estimated that the proportion of these lots located in the Harbor indicates the proportion of positions providing services to the Harbor.

For the remaining divisions within the department – Management, Publishing Services, Accounting, Finance and Special Operations, Personnel, and Management Information Systems – the number of positions providing service to the Harbor is estimated based on the proportion of employees in all of the department's other divisions providing services to the Harbor.

General Service has also budgeted for a large number of "as needed" positions for fiscal year 2000-01. It has been assumed for the purposes of this fiscal analysis that the Harbor City would also utilize "as needed" positions, and would incur a cost in proportion to the amount of budgeted staff transferred.

#### Sufficiency of Staff Apportioned to Harbor and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Department of General Services do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the department's 1,673 positions, roughly 52.3% are professional/technical. The professional/technical positions consist of Analysts, Accountants, Engineers and Engineer Associates, skilled tradespersons (e.g., plumbers, welders, mechanics) and various information systems personnel. The administrative/support category comprises roughly 46.6% of department staff. It includes Clerks, Laborers and Workers, Delivery Drivers, and other support personnel. Finally, roughly 1.1% of department staff are either upper management or highly specialized. These consist of General Managers, Assistant General managers, and various "Chief" positions.

To achieve, at least in percentage terms, a roughly similar mix of skills and experience among department staff in the new Harbor City, the 57 positions apportioned to the Harbor would consist of the following: 30 professional/technical, 26 administrative/support, and 1 specialist/management. Given its current mix of position categories, the department appears to contain sufficient staff in each category to allow for such a transfer.

<sup>39</sup> The 842 buildings citywide consist of 656 City-owned buildings and 186 City-leased buildings. Of the leased buildings, 3, or 1.6%, are located in the Harbor area.



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**DEPARTMENT OF GENERAL SERVICES  
COMPOSITION OF WORKFORCE**

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| <u>Category</u>         | <u>Positions</u> | <u>Percent of<br/>Total</u> |
|-------------------------|------------------|-----------------------------|
| Professional/Technical  | 875              | 52.3%                       |
| Clerical/Administrative | 780              | 46.6%                       |
| Management/Specialists  | 18               | 1.1%                        |
| Total                   | 1,673            |                             |

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**Transfer of Equipment and Facilities**

The proposed apportionment would consist of transferring to the new Harbor City the facilities, equipment and other assets used or maintained by the department that provide services to the Harbor. This would generally include transferring facilities located in the Harbor, as well as the resources located at those facilities, to the new Harbor City. It would also generally include transferring a proportionate share of centrally located equipment and other assets to the new Harbor City.

Given these general criteria, the proposed apportionment would include the following specific assets: (1) the fleet vehicle maintenance and repair facility located in the Harbor; (2) the 2 warehouse/storage facilities operated by the department that are located in the Harbor; and (3) a proportionate share of the department's information systems.

The department manages the maintenance and repair of most of the City's vehicle fleet.<sup>40</sup> Maintenance and repair facilities are located citywide, and the one such facility located in the Harbor is listed in the table below. This facility would be apportioned to the new Harbor City.

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**DEPARTMENT OF GENERAL SERVICES  
FLEET MAINTENANCE FACILITIES LOCATED IN THE HARBOR**

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| <u>Name of Facility</u> | <u>Facility Address</u>          | <u>Type of Vehicles/Equipment Maintained</u>                                        |
|-------------------------|----------------------------------|-------------------------------------------------------------------------------------|
| Harbor Repair Facility  | 1400 N. Gaffey Street, San Pedro | Refuse vehicles and street sweepers, passenger cars, trucks, construction equipment |

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A potential issue related to vehicle fleet repair and maintenance facilities is that several facilities located outside the Harbor provide specialized services that no other facility provides. A list of the facilities that provide these specialized services appears in the table below. Were a special reorganization to occur, it is possible that the new Harbor City would need to modify its existing facility and/or furnish new facilities and equipment in order to have the capacity to provide a full range of maintenance and repair services for its vehicle fleet. It is therefore assumed that the City of Los Angeles could provide specialized vehicle repair and maintenance services to the Harbor on a contractual or as needed basis.

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<sup>40</sup> The department maintains the vehicle fleet for all Council-controlled departments, excluding the Departments of Fire and Police.



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**DEPARTMENT OF GENERAL SERVICES**  
**SPECIALIZED FLEET MAINTENANCE FACILITIES NOT LOCATED IN THE HARBOR**

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| <u>Name of Facility</u>                        | <u>Facility Address</u>                      | <u>Type of Services Performed</u>                                                                   |
|------------------------------------------------|----------------------------------------------|-----------------------------------------------------------------------------------------------------|
| 24 <sup>th</sup> Street Refuse Repair Facility | 2413 E. 24 <sup>th</sup> Street, Los Angeles | Major repairs, bodywork and specialized component rebuilds for all City refuse collection vehicles. |
| Aerial Shop                                    | 452 San Fernando Road, Los Angeles           | Maintains, repairs and tests aerial lift equipment.                                                 |
| 7 <sup>th</sup> Street Tire Shop               | 2300 E. 7 <sup>th</sup> Street, Los Angeles  | Installs, maintains and repairs tires used on vehicles and equipment Citywide.                      |

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Another category of assets subject to the proposed apportionment consists of the warehouses and other storage facilities operated by the department. As of fiscal year 2000-01, the department oversees 72 such facilities citywide; two of these facilities are located in the Harbor. These facilities, which are listed in the table below, would be transferred to the proposed Harbor City.

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**DEPARTMENT OF GENERAL SERVICES**  
**WAREHOUSE LOCATIONS**

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| <u>Location Name</u> | <u>Address</u>                            |
|----------------------|-------------------------------------------|
| Harbor – Fleet       | 1400 N. Gaffey Street, San Pedro 90731    |
| PMTD                 | 2175 J. Gibson Boulevard, San Pedro 90731 |

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A third category of assets is the software and databases that are part of the department's information systems. A list of these key software applications and databases appears in the table below.

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**DEPARTMENT OF GENERAL SERVICES**  
**KEY SOFTWARE APPLICATIONS/DATABASES**

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| <u>Name</u>                      | <u>Description</u>                                                                                                                                            |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Asset Management System          | Database listing all City real estate properties (both owned and leased properties)                                                                           |
| Vehicle Management System        | Database of all City fleet vehicles maintained by the Department of General Services                                                                          |
| PRIMA/Supply Management System   | A customized PeopleSoft enterprise resource planning (ERP) software application used to rationalize purchasing, receiving, and inventory management functions |
| Automated Fuel Management System | Database of City's fuel delivery infrastructure                                                                                                               |
| Building Maintenance System      | Database of maintenance and repair status of City real estate properties                                                                                      |

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With respect to the transfer of these systems to the Harbor, it is assumed that all database information could be transferred to the new Harbor City. The PRIMA system, however, is a highly customized application tailored to the needs of the City of Los Angeles. It is therefore assumed that this system could not be transferred to the Harbor, and that the City of Los Angeles would provide these services to the Harbor under the terms of a contractual agreement. (See section "Harbor City



Start-Up Costs” for a detailed discussion of how the Harbor could be provided with information and communications technology services.)

#### Transition of Service to New City

It is assumed the City could transfer all required staffing necessary for department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

#### **Projected Expenditures**

The Department of General Services’ projected expenditures for fiscal year 2000-01 are roughly \$169.7 million. As shown in the table below, salaries and expenses constitute almost all of the Bureau’s expenditures.

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**CITY OF LOS ANGELES – DEPARTMENT OF GENERAL  
SERVICES  
USES OF FUNDS**

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| <u>Uses of Funds</u>      | <u>2000-01<br/>Budget</u> |
|---------------------------|---------------------------|
| Expenditures:             |                           |
| Salaries                  | \$ 84,486,215             |
| Expenses                  | 77,110,113                |
| Equipment                 | 1,297,000                 |
| Special                   | 4,555,041                 |
| Interdepartmental Charges | 2,237,900                 |
| <br>Total Expenditures    | <br>\$ 169,686,269        |

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In estimating expenditures for the Department of General Services in the new Harbor City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Harbor with the services it receives from the department is estimated to require 57 positions throughout the entire planning period.

A significant portion of the of the department’s expenses is lease payments, which are budgeted at \$30.3 million for fiscal year 2000-01. Analysis of City data indicate that roughly 0.21% of this total, or roughly \$62,000, is spent on leases for buildings located in the Harbor. It is therefore assumed in this report that the Harbor will be transferred 0.21% of these lease expenses. (See section “Office Facilities” for further discussion of the allocation of City facilities.)

#### Contractual Services

The department’s fiscal year 2000-01 budget for contractual services is \$9.9 million. The department has ongoing contracts for several kinds of services, which do not appear to be inordinately weighted in any particular geographic area of the City. These include contracts for security services, mail services, consulting services, and various utility services. It is therefore assumed that the new Harbor City will require similar contract services, and that the costs of these contract services can be estimated based on the percentage of department staff providing services to the Harbor (3.4%, as calculated above).

#### **Projected Revenues**

The ability of the new Harbor City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Department of General Services in the new Harbor City, focusing on the degree



to which the revenue sources currently used by the City of Los Angeles to fund the department are transferable to the Harbor.

The City of Los Angeles has historically funded the department primarily from the General Fund and the Sanitation Equipment Charge Fund, but has also relied on several other funding sources. The table below shows the department's sources of funds for fiscal year 2000-01.

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**CITY OF LOS ANGELES – DEPARTMENT OF GENERAL SERVICES  
SOURCES OF FUNDS**

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| <u>Sources of Funds</u>                 | <u>2000-01<br/>Budget</u> |
|-----------------------------------------|---------------------------|
| City Funds:                             |                           |
| General Fund                            | \$ 136,904,144            |
| Sanitation Equipment Charge Fund        | 20,388,135                |
| Special Gas Tax Street Improvement Fund | 34,000                    |
| Stormwater Pollution Abatement Fund     | 472,975                   |
| Community Development Trust Fund        | 1,988,410                 |
| HOME Investment Part. Program Fund      | 123,899                   |
| Community Services Administration Grant | 114,699                   |
| Sewer Construction and Maintenance Fund | 3,868,173                 |
| St. Light Maintenance Assessment Fund   | 2,188,576                 |
| Workforce Investment Act Fund           | 906,123                   |
| Rent Stabilization Trust Fund           | 475,357                   |
| Arts & Cult. Fac. & Services Fund       | 63,500                    |
| City Employees Ridesharing Fund         | 202,101                   |
| Procurement Reengineering Trust Fund    | 1,021,646                 |
| Disaster Assistance Trust Fund          | 35,200                    |
| Housing Opp. for Persons with AIDS      | 7,930                     |
| Code Enforcement Trust Fund             | 392,013                   |
| <br>Total                               | <br>\$ 169,686,269        |

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In addition to the City's General Fund, the City has budgeted funding for the department from certain Special Purpose Funds. The most significant such Fund for the department is the Sanitation Equipment Charge (SEC). The SEC is levied on all single family dwellings in the City and upon multiple unit dwellings for which the City provides refuse collection services. Funds from this charge, estimated to be \$47.1 million in fiscal year 2000-01, are used to acquire and repair sanitation equipment. Funds from this charge are also pledged to repay the debt on bonds issued to finance the purchase of refuse collection vehicles, equipment and other assets used to collect and dispose refuse. Were a special reorganization to occur, it is envisioned that the City of Los Angeles would continue to assess and collect all SEC charges on behalf of the Harbor until the bonds for which the charges are pledged are repaid. Any SEC revenue in excess of the proportional debt service on the bonds could be returned to the Harbor. (See further discussion of this Fund in section "Transfer of Revenue.")

Other Funds providing revenue to the department include the Stormwater Pollution Abatement Fund and the Sewer Construction Maintenance Fund. As further discussed in section "Transfer of Revenue," it has been assumed in this report that the proposed Harbor City would not obtain control of the City's sewer system upon a special reorganization. As a result, the Harbor City would not need to create its own Sewer Construction and Maintenance Fund. With the Harbor City being a contractor to the regional sewer systems, the Harbor City Department of General Services would not incur reimbursable sewer related costs. Thus no revenues from these Funds would be transferred to the Harbor.



For all of the other sources of funds for the department, it is assumed that each revenue source could be transferred to the new Harbor City based on the percentages shown on Table R-8 in Appendix II.

Another element of the new Harbor City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Department of General Services in fiscal year 2000-01. For a majority of the departmental receipts (which are associated with related costs), it is assumed that the receipts generated by the department will be available to the new Harbor City based on the percentage of citywide staff that would transfer to the Harbor City.

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**DEPARTMENT OF GENERAL SERVICES  
GENERAL FUND DEPARTMENTAL RECEIPTS**

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| <u>Revenue Source</u>                      | <u>2000-01<br/>Budget</u> |
|--------------------------------------------|---------------------------|
| Construction Permits                       | \$0                       |
| Streets and Curb Permits                   | 400,000                   |
| Other Licenses and Permits                 | 0                         |
| Other State Grants/Agreements              | 0                         |
| Reimbursement from other Agencies          | 0                         |
| Other General Government Services          | 1,050                     |
| Engineering Fees Inspection Other Services | 1,015,000                 |
| Sales of Refuse                            | 20,000                    |
| Quasi-External Transaction                 | 0                         |
| Other Current Service Charges              | 0                         |
| Quasi-External Transaction                 | 839,261                   |
| Rents and Concessions                      | 806,600                   |
| Royalties                                  | 100,000                   |
| Proc. of General Fixed Assets Disposal     | 2,590,000                 |
| Miscellaneous Revenues                     | 84,000                    |
| Reimbursements from other Funds            | 18,401,340                |
| Other Financing Sources                    | 0                         |
| Special                                    | 317,822                   |
| <br>Total General Services                 | <br>\$ 24,575,073         |

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## Human Relations Commission

The Human Relations Commission focuses on improving inter-group relations within Los Angeles. Its functions include advising the Mayor and City Council about the state of community and inter-group relations. It also investigates the causes of inter-group conflict, creates programs that teach respect for differences and skills in non-violent problem-solving, and serves as a resource center for City departments, the media, and community-based organizations in need of assistance to address human relations problems.

### **Distribution of Service Within the City**

The Commission is centrally located in Room 700 at Los Angeles City Hall East, and all Commission staff and activities are based in this central office.

### **Proposed Apportionment**

The proposed apportionment seeks to provide the new Harbor City with responsibility for the services the Harbor currently receives from the Commission. Such an apportionment could be accomplished by transferring to the new Harbor City those Commission personnel that, as of fiscal year 2000-01, provide services to the Harbor, and a proportionate share of the assets used to provide direct administrative support to the Commission.

### Transfer of City Personnel

The number of department staff that, as of fiscal year 2000-01, provide services to the Harbor can be estimated based on the current location of staff as well as the estimated workload and service needs in the Harbor. According to the department's fiscal year 2000-01 City Budget, the department had 26 budgeted positions, of which 11 are Commissioners.

The department is comprised of four divisions, the functions of which are described in the table below.

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#### **HUMAN RELATIONS COMMISSION INTERNAL DIVISION FUNCTIONS**

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| <u>Division</u>         | <u>Function</u>                                                                                      |
|-------------------------|------------------------------------------------------------------------------------------------------|
| Management              | Provides management services to the Department.                                                      |
| Administrative Services | Responsible for the Department's budget, personnel, systems, research, clerical support and payroll. |
| Community Services      | Responsible for managing the Commission's programs.                                                  |
| Special Projects        | Responsible for projects requiring dedicated staff. This division is not currently staffed.          |

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Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Harbor. As shown in the table below, it is estimated that a total of 1 position provides service to the Harbor. A special reorganization would therefore result in 1 position, or roughly 6.7% of the department's non-Commissioner staff, being transferred to the new Harbor City.



**HUMAN RELATIONS COMMISSION  
ALLOCATION OF WORKLOAD AND STAFF**

| <u>Unit</u>             | <u>Allocation Method</u> | <u>Positions</u> | <u>Harbor Allocation</u> |
|-------------------------|--------------------------|------------------|--------------------------|
| Management              | Staff availability       | 2                | 0                        |
| Community Services      | Population (adjusted)    | 7                | 1                        |
| Administrative Services | Proportion of employees  | 6                | 0                        |
| <b>Total</b>            |                          | <u>15</u>        | <u>1</u>                 |

The methodology used to estimate the number of positions providing service to the Harbor is as follows. The Community Services Division is comprised of Project Coordinators that manage the Commission's outreach efforts, initiatives and programs. The Project Coordinators are not assigned to specific geographic areas but rather work on outreach, initiatives and programs citywide. Given that the division's service area applies to the city at large, it is reasonable to apportion the division based on the Harbor's proportion of citywide population. The apportionment is adjusted upward (i.e., "rounded up") because the Harbor area's relatively small percentage of the City's population (4.12%) would result in no positions being transferred without such rounding.

The Management and the Administrative Services Divisions primarily support the activities of the Commission's other divisions. Staff are therefore allocated to the Harbor on a "proportion of employees" basis, in which positions are allocated proportionate to the percentage of employees in all other department divisions that would be allocated to the new Harbor City. This results in no positions being transferred from these divisions.

Sufficiency of Staff Apportioned to the Harbor and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the department does not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the Commission's 15 positions, roughly 67 percent are professional/technical. The professional/technical positions consist Project Coordinators and Management Analysts. The clerical/administrative category comprises 20 percent of Commission staff. It includes Clerk Typists. Finally, roughly 13 percent of Commission staff is upper management. This category includes the Executive Director and Assistant Executive Director. Given that only one position would be transferred to the Harbor, it would not be possible for the Harbor City to achieve a roughly similar mix of skills and experience among department staff received from the City of Los Angeles.

**HUMAN RELATIONS COMMISSION  
COMPOSITION OF WORKFORCE**

| <u>Category</u>         | <u>Positions</u> | <u>Percent of Total</u> |
|-------------------------|------------------|-------------------------|
| Professional/Technical  | 10               | 67%                     |
| Clerical/Administrative | 3                | 20%                     |
| Management/Specialists  | 2                | 13%                     |
| <b>Total</b>            | <u>15</u>        |                         |



Because a new Harbor City department would be apportioned just 1 position, the department would have to hire additional staff or make various organizational modifications to be able to provide the full range of services the department currently provides in the City of Los Angeles. For the purposes of this report, it is assumed that the Harbor would alter this department's organizational structure and functional responsibilities to adjust to any staffing constraints.

The department has also budgeted for a small number of "as needed" positions in fiscal year 2000-01. It is assumed the Harbor City would also utilize "as needed" positions and would incur a cost in proportion to the amount budgeted by the City, based on the number of budgeted staff transferred.

#### Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Harbor City the facilities, equipment, and other assets used to provide services to the Harbor. The Commission has no assets in excess of \$100,000.

#### Transition of Service to the New City

It is expected that the City could transfer all required staffing necessary for the Commission to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for staff transferred to the new Harbor City and the acquisition, development or transfer of equipment and systems to the new Harbor City.

#### **Projected Expenditures**

The special reorganization would result in the transfer of 1 position, or roughly 6.7 percent of the department's staff, to the new Harbor City. The expected salary cost for the new department is estimated based on the proportion of employees transferred as of the fiscal year 2000-01 Budget. The Commission is a relatively new city department and is therefore unable to project future increases or reductions in staff until its current programs have been operational long enough that they could be adequately evaluated.

Non-salary personnel expenditures are also estimated based on the proportion of employees transferred.

#### Contractual Services

The Commission does not have contracts or groups of contracts with vendors in excess of \$100,000. It not anticipated that the new city Human Resources Commission would maintain such contracts.

#### **Projected Revenues**

The Commission receives all of its funding from the City's General Fund. It is assumed that the new city General Fund would support the new city Human Resources Commission. All general revenue receipts contributed by residents and businesses in the Harbor would be contributed to the new city's General Fund, in accordance with the Applicant's proposal for special reorganization.

In addition to the General Fund, the department has access to the Human Relations Trust Fund, which is established in the Treasury of the City. The department can use the Fund to support established programs and activities and for the purchase of equipment, services, or furnishings in support of those programs. The department administers the Fund. However, the Fund's expenditure plan is submitted annually to the Mayor and City Council for approval. The Fund consists of monetary gifts, contributions, or bequests to the City for department-administered programs and activities. It is anticipated that the new Harbor City's Human Relations Commission will have access to such a Fund pursuant to Administrative Code Sec. 5.341.

The Commission does not generate cost recovery to the General Funds through General Fund Receipts or Special Sources of Funding.



### **Information Technology**

The Information Technology Agency has responsibility for the City's information technology and communications systems. In addition to managing these systems for all non-proprietary City departments, the department also regulates cable television providers to ensure these firms comply with the terms of franchise agreements.

### **Proposed Apportionment for Information Technology Agency Personnel**

As with other departments in this report, the general framework of the proposed apportionment for the Information Technology Agency (ITA) seeks to provide the new Harbor City with responsibility for the services the Harbor area currently receives from the department. Unlike other departments, however, the proposed apportionment for the ITA would involve no direct transfer of department staff, equipment, or any other department assets to the new Harbor City. What is proposed instead is the establishment of a contractual relationship between the new Harbor City and the City of Los Angeles in which the City of Los Angeles would provide the Harbor area with all necessary information technology services.

### **Transfer of City Personnel**

The number of department staff that, as of fiscal year 2000-01, provide services to the proposed Harbor City can be estimated based on the estimated workload and service needs in the Harbor area. For fiscal year 2000-01 the department has 745 budgeted positions. The department is divided into 7 divisions, the functions of which are described in the table below.

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#### **INFORMATION TECHNOLOGY AGENCY INTERNAL DIVISION FUNCTIONS**

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| <b><u>Division</u></b>           | <b><u>Function</u></b>                                                                                                                                                                                             |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Management                       | Provides department-wide oversight and management.                                                                                                                                                                 |
| Administrative Services Center   | Responsible for budgeting, employee relations, payroll, internal support services and client training.                                                                                                             |
| Applications Resource Bureau     | Provides information technology services to the Fire, Police and select other departments; also develops City-wide project management standards.                                                                   |
| Communications Services Center   | Maintain radio, field dispatch, microwave, alarm, emergency field command post, and other critical City communications systems.                                                                                    |
| Enterprise Infrastructure Bureau | Provides data systems engineering and installation, telephone systems support, plans City efforts related to the City's Fiber Optic Network, networking systems support, and support of office automation systems. |
| Public/Private Enterprise Bureau | Oversees cable television franchises, monitors telecommunications service providers and services, and provides live coverage of and phone connections to City Council proceedings.                                 |
| Systems Processing Bureau        | Provides operational support for City Enterprise Servers, coordinates all information systems changes, provides system security, and operates the department's Helpdesk and Servicedesk.                           |

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The estimate of the number of staff in each departmental division providing service to the Harbor area is based on the proportion of employees in all City departments that provide services to the Harbor area. As discussed earlier in this report, that proportion is estimated to be 4%. It is therefore estimated that a total of 29 positions, or roughly 4% of the department's staff, provide services to the Harbor area. As discussed above, however, it is envisioned that these positions would remain employees of the City of Los Angeles and provide contractual services to a new Harbor City. (See section "Contractual Services" below for further discussion of the proposed contractual positions.)



**INFORMATION TECHNOLOGY AGENCY  
DEPARTMENT POSITIONS SERVING THE HARBOR AREA**

| <u>Division</u>                  | <u>Allocation Method</u> | <u>Positions*</u> | <u>Harbor Allocation</u> |
|----------------------------------|--------------------------|-------------------|--------------------------|
| Management                       | Staff not transferred    | 8                 | 0                        |
| Administrative Services Center   | Staff not transferred    | 43                | 0                        |
| Applications Resource Bureau     | Staff not transferred    | 137               | 0                        |
| Communications Services Center   | Staff not transferred    | 138               | 0                        |
| Enterprise Infrastructure Bureau | Staff not transferred    | 251               | 0                        |
| Public/Private Enterprise Bureau | Staff not transferred    | 34                | 0                        |
| Systems Processing Bureau        | Staff not transferred    | 134               | 0                        |
| Total                            |                          | 745               | 0                        |

\* Number of positions per division based on the 1999-00 organization chart. Discrepancies between the number of budgeted positions for fiscal year 2000-01 and the number of positions on the organization chart were reconciled to match the number of budgeted positions.

The department has also budgeted for several "as needed" positions for fiscal year 2000-01. It is assumed the Harbor City would also utilize "as needed" positions and a proportional amount of the cost for these positions would transfer based on the number of budgeted staff transferred.

Sufficiency of Staff Apportioned to Harbor Area and Retained by the City of Los Angeles

Because no department staff would be transferred to the new Harbor City, analysis of "sufficiency of staff" apportioned is not applicable.

Transfer of Equipment and Facilities

As discussed above, the proposed apportionment does not involve the transfer of any department facilities or equipment to the new Harbor City. This section is therefore not applicable.

Transition of Service to New City

This section is not applicable.

**Projected Expenditures**

The Information Technology Agency's projected expenditures for fiscal year 2000-01 are roughly \$86.5 million. As shown in the table below, salaries, "special" expenditures (the majority of these special expenditures being for communications services), and expenses all constitute significant portions of the agency's expenditures.



**CITY OF LOS ANGELES –  
INFORMATION TECHNOLOGY AGENCY  
USES OF FUNDS**

| <u>Uses of Funds</u>      | <u>2000-01<br/>Budget</u> |
|---------------------------|---------------------------|
| Expenditures:             |                           |
| Salaries                  | \$ 47,353,979             |
| Expenses                  | 17,639,907                |
| Equipment                 | 525,000                   |
| Special                   | 35,046,510                |
| Interdepartmental Charges | (14,085,497)              |
| <br>Total Expenditures    | <br>\$ 86,479,899         |

**Contractual Services**

The department's fiscal year 2000-01 budget for contractual services is \$13.8 million. The department has ongoing contracts for several kinds of services, including telecommunications services, computer programming, technical training, and information technology project management. Given that no department staff or equipment would transfer to the new Harbor City, it is assumed that none of these costs would accrue to the proposed Harbor City. As discussed above, however, this report assumes that the Harbor City will contract with the City of Los Angeles for the equivalent of 29 ITA positions. Given an average per-employee salary in the department of \$63,562,<sup>41</sup> and an overhead ("CAP") rate of 72.1%,<sup>42</sup> the Harbor City's annual contract cost for ITA services is estimated to be \$3.2 million.

**Projected Revenues**

The ability of the new Harbor City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to the new Harbor City to fund the information technology services the Harbor City currently receives from the City of Los Angeles' Information Technology Agency.

The City of Los Angeles has historically funded the department primarily from the General Fund, but has also relied on several other funding sources. The table below shows the department's sources of funds for fiscal year 2000-01.

<sup>41</sup> Based on "City of Los Angeles Budget, Fiscal Year 2000-01."

<sup>42</sup> CAP Rate calculated using City of Los Angeles 1999-00 indirect cost rates for Information Technology Agency employees. The rate consists of the sum of the Fringe Benefit rate (19.52%), Central Services (37.40%), and Department Administration and Support (15.17%).



**CITY OF LOS ANGELES – INFORMATION TECHNOLOGY AGENCY  
SOURCES OF FUNDS**

| <u>Sources of Funds</u>                      | <u>2000-01<br/>Budget</u> |
|----------------------------------------------|---------------------------|
| City Funds:                                  |                           |
| General Fund                                 | \$ 80,627,570             |
| Sewer Construction and Maintenance Fund (14) | 460,102                   |
| St. Light Maintenance Assessment Fund (19)   | 200,000                   |
| City Planning Systems Develop. Fund (29)     | 134,000                   |
| Engineering Surcharge Revenue Fund (29)      | 162,000                   |
| MICLA F Acquisition Fund (29)                | 1,286,974                 |
| UDAG (29)                                    | 153,175                   |
| Procurement Reengineering Trust Fund (32)    | 346,924                   |
| Special Police Communications Tax Fund (33)  | 10,000                    |
| B & S Systems Development Fund (40)          | 760,180                   |
| <br>Total                                    | <br>\$ 86,479,899         |

Because the proposed apportionment assumes the Harbor City will contract for all ITS services, it is assumed that the revenues listed above will not transfer to the new Harbor City. Also, the department is not expected to contribute any funds to the new Harbor City's general fund.



## **Los Angeles Housing Department**

The Los Angeles Housing Department has four program areas, housing development, rent, neighborhood revitalization, and enforcement. The housing development program provides loans to property owners and developers, facilitates construction processes, monitors grant funds allocated to the Community Redevelopment Agency for housing revitalization, and administers a HUD grant designed to reduce lead hazard. The department's rent program administers the Rent Stabilization Ordinance, collects annual registration fees from landlords, approves rent adjustments, operates the rent control telephone hot line, and investigates complaints of ordinance violations. The department's neighborhood revitalization program provides loans to homeowners in low and moderate-income areas, administers neighborhood recovery programs, participates in nuisance abatement, and administers various other housing programs that improve quality of life. A code enforcement program provides routine, periodic inspections of all multi-family rental properties in the City for basic code enforcement and habitability.

### **Distribution of Service Within the City**

The Housing Department is housed in the DWP building located at 111 N. Hope Street in downtown Los Angeles. The department's Public Counter and all other department programs operate from this location, except the Neighborhood Revitalization Division's Neighborhood Preservation Program (NPP). The NPP works through five field offices, one of which serves the Harbor area. Each NPP field office handles loan packaging for applicants located in its geographic area.

### **Proposed Apportionment**

#### **Transfer of City Personnel**

The number of department staff that, as of fiscal year 2000-01, provide services to the Harbor area can be estimated based on the current location of staff as well as the estimated workload and service needs in the Harbor area. According to the City's fiscal year 2000-01 budget, the department is comprised of 377 positions.

The department is comprised of seven divisions/units, the functions of which are described in the table below.



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## LOS ANGELES HOUSING DEPARTMENT INTERNAL DIVISION FUNCTIONS

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| <u>Division</u>             | <u>Function</u>                                                                                                                                                                            |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Management                  | Provides management services to the department.                                                                                                                                            |
| Administrative Services     | Responsible for the department's budget, inventory control, records retention, and operational support duties.                                                                             |
| Asset Management            | Manages the servicing of the department's loan portfolio.                                                                                                                                  |
| Housing Development         | Provides loans to property owners and developers to rehabilitate and or construct new housing using CDBG and HOME funds, low income housing tax credits, and tax exempt bonding authority. |
| Neighborhood Revitalization | Provides neighborhood preservation and recovery, housing services, and program services. Utilizes slum abatement techniques, loans and community organizing to improve quality of life.    |
| El Sereno Field Office      | Provides loan packaging services to low income residents.                                                                                                                                  |
| Harbor Field Office         | Provides loan-packaging services to low income residents.                                                                                                                                  |
| Valley Field Office         | Provides loan-packaging services to low income residents.                                                                                                                                  |
| Southwest Field Office      | Provides loan-packaging services to low income residents.                                                                                                                                  |
| Echo Park Field Office      | Provides loan-packaging services to low income residents.                                                                                                                                  |
| Rent Stabilization          | Administers the City's Rent Stabilization Ordinance.                                                                                                                                       |
| Enforcement                 | Administers programs to preserve the quality of housing stock and prevent dangerous, substandard or unsanitary and deficient conditions in residential buildings.                          |

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Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Harbor area. As shown in the table below, it is estimated that a total of 17 positions provide service to the Harbor area. This estimate is based on the fiscal year 2000-01 budget. A special reorganization would thus result in 4.5 percent of the department's staff being transferred to the new Harbor City.



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**LOS ANGELES HOUSING DEPARTMENT  
ALLOCATION OF WORKLOAD AND STAFF**

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| <u>Unit</u>                 | <u>Allocation Method</u>    | <u>Positions</u> | <u>Harbor<br/>Allocation</u> |
|-----------------------------|-----------------------------|------------------|------------------------------|
| Management                  | Proportion of employees     | 14               | 1                            |
| Administrative Services     | Proportion of employees     | 53               | 2                            |
| Asset Management            | None                        | 11               | 0                            |
| Housing Development         | Proportion of housing stock | 43               | 2                            |
| Neighborhood Revitalization | Proportion of housing stock | 50               | 2                            |
| El Sereno Field Office      | None                        | 6                | 0                            |
| Harbor Field Office         | None                        | 5                | 5                            |
| Valley Field Office         | None                        | 6                | 0                            |
| Southwest Field Office      | None                        | 7                | 0                            |
| Echo Park Field Office      | None                        | 5                | 0                            |
| Rent Stabilization          | Proportion of Rental Units  | 66               | 2                            |
| Enforcement                 | Proportion of Rental Units  | 111              | 3                            |
| Total                       |                             | 377              | 17                           |

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The methodology used to estimate the number of positions providing service to the Harbor area is as follows. The Management and the Administrative Services divisions primarily support the activities of the department's other divisions. Staffing is therefore a function of the total number of department staff and can reasonably be apportioned using the department's estimated number of employees to be transferred to the new Harbor City.

The Housing Development Division provides loans to property owners and developers to rehabilitate and/or construct new housing projects utilizing CDBG and HOME funds, low income housing tax credits, and tax exempt bonding authority. Loans are provided for acquisition, predevelopment, construction, permanent financing (gap) and bridge loans. Given that the division's direct services focus on housing stock, it is apportioned using the Harbor area's proportion of the City's total housing stock. Using the Department of City Planning housing units data, it is estimated that 3.8 percent of the citywide housing units in 1998 were located in the Harbor area.

The Neighborhood Revitalization Division's central office also provides services focused on housing stock. Through its Neighborhood Preservation Program (NPP), the division provides rehabilitation loans and it also administers various other programs intended to ensure neighborhood housing affordability, health, and safety. Each of the NPP's field offices provides loan-packaging services to low-income residents living in each office's geographic service area. Therefore, the Harbor area field office is assumed transferred to the new Harbor City as part of the special reorganization, and the remaining field offices will remain under control of the City.

Both Housing Development and Neighborhood Revitalization Divisions administer loans using federal funds. According to documents provided by the City, the department has 8,002 loans in its portfolio, 356 (or 4.45 percent) of which are located in the Harbor area. Once loans are made, the Administrative Services division's Asset Management unit handles them. The Asset Management unit tracks and collects all loan repayments; manages loan workouts, subordinations and amendments; minimizes bad debt by handling foreclosures, bankruptcies, short sales, due-on-sale requirements, and probates; and reports on the status of the loan portfolio to the Mayor, City Council, and Controller. The existing loan portfolio, which was originally capitalized by federal grants, is an asset of the City and generates income for use on other projects of the City. It is uncertain whether the loan portfolio can be divested or whether any loan portfolio income can be diverted without approval by the granting agency. It is therefore assumed that the City will remain the custodian of the current loan portfolio, abiding by the grantor/grantee relationship assumed in the original grant agreement, and that the City



would retain the current number of staff that comprise the Asset Management division. It is also assumed that the City will remain the custodian of the Mortgage Revenue Bonds administered by the Housing Development Division.

The Rent Stabilization Division administers the Rent Stabilization Ordinance, Chapter XV of the City of Los Angeles Municipal Code. The ordinance regulates rents to safeguard tenants from excessive rent increases, while providing landlords with reasonable returns from their rental units. The division's services concentrate solely on rental units. The level of service required in the Harbor area is therefore estimated according to the proportion of the City's total rental units. According to documents provided by the City, 11,543 (or 2.7 percent) of the City's 427,323 rental units that can be geographically classified are located in the Harbor area.

Finally, the Enforcement Division works to preserve the quality of the City's existing rental housing stock and prevent the development of dangerous, substandard, unsanitary, and deficient conditions in residential building and dwelling units. Because of the division's focus on rental housing stock (the ordinance stipulates the enforcement of multifamily rental units with two or more units per parcel), it too is estimated to serve the Harbor area based on the proportion of the City's rental units.

#### Sufficiency of Staff Apportioned to the Harbor Area and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Los Angeles Housing Department does not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the department's 377 positions, roughly 67 percent are professional/technical. The professional/technical positions consist of department Accountants, Management Analysts, Financial Development Officers, Fiscal Systems Specialists, Housing Planning and Economic Analysts, Research Analysts, Systems Analysts, Rehabilitation Construction Specialists, Rehabilitation Project Coordinators, Housing Programs Managers, and Housing Inspectors. The clerical/administrative category comprises 31 percent of department staff. It includes Accounting Clerks, Clerk Typists, Management Assistants, Secretaries, Systems Aides, Warehouse and Toolroom Workers, Clerk Stenographers, and Management Aides. Finally, roughly two percent of department staff are either upper management or highly specialized. This category includes the General Manager, Assistant General Managers, Chief Management Analysts, Director of Housing and Consultant in charge of Enforcement. None of the department's staff provide services that require specialized training that cannot be replicated in the new Harbor City.

To achieve a similar mix of skills and experience among department staff in the new Harbor City, the 17 positions apportioned to the Harbor City would consist of the following: 11 profession/technical positions, 5 clerical/administrative positions, and 1 management/specialists. Given its current mix of position categories, the department appears to contain sufficient staff in each category to allow for such a transfer.

#### **LOS ANGELES HOUSING DEPARTMENT COMPOSITION OF WORKFORCE**

| <u>Category</u>         | <u>Positions</u> | <u>Percent of</u> |
|-------------------------|------------------|-------------------|
|                         |                  | <u>Total</u>      |
| Professional/Technical  | 254              | 67%               |
| Clerical/Administrative | 117              | 31%               |
| Management/Specialists  | 6                | 2%                |
| Total                   | 377              |                   |



#### Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Harbor City the facilities, equipment and other assets used to provide services to the Harbor area. In general, this would include transferring facilities located in the Harbor area, as well as the resources located at those facilities, to the new Harbor City. It would also include the provision of a proportionate share of centrally located equipment and other assets to the new Harbor City. Given these general criteria, the proposed apportionment would include the transfer of the Neighborhood Revitalization Division's NPP Harbor area field office to the new city. The City has not identified this office as an asset valued at greater than \$100,000, and it is therefore assumed that the office is leased.

In addition, the department has created software systems for integration and interface with the City's Financial Management Information System (FMIS), and the reconciliation of balances between HUD's Integrated Disbursement System (IDIS), HUD's Line of Credit Control System (LOCCS), and various other City-run systems. For the purposes of this report, it is assumed that the City-owned applications used by the department would be shared with the Harbor City, and any support costs related to the systems would be reimbursed through contractual service payments made to City's Information Technology Agency.

#### Transition of Service to the New City

It is expected that the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for staff transferred to the new city and the acquisition, development or transfer of equipment and systems to the new Harbor City.

It should be noted that entitlements for the City's Consolidated Plan are calculated and distributed annually. While eligible cities must submit a Consolidated Plan, the entitlement is not affected by the Plan. If a special reorganization occurs, the City would need to revise its Consolidated Plan and the proposed Harbor City would have to create its own plan. After special reorganization, the City's entitlement would be recalculated. In order for the new city to be eligible for entitlement, HUD must have information that the new city is a "metropolitan city," and it must have access to the new city's demographic data from the Census Bureau. It is unclear whether this requisite information would be available in order to provide the Harbor City its entitlement for the first program year. Furthermore, in order for the new city to receive entitlement funds for a program year beginning July 1, it would have to submit an application for the funds by September 30 (FFY) of the previous year. However, in the event the Harbor City does not receive its own entitlement funds in a timely manner, the City could pass-through the Harbor area share of entitlement funds based on the HUD funding formula and demographic characteristics of the Harbor until the Harbor City can provide sufficient information to receive its own entitlement funds.

#### **Projected Expenditures**

The special reorganization would result in the transfer of 17 positions, or roughly 4.5 percent of the department's staff, to the new Harbor City. The expected salary cost for the new department is estimated based on the proportion of employees transferred as of the fiscal year 2000-01 Budget. The department does not expect any significant changes to its staffing level during the planning period, or any changes to the level of service provided.

Non-salary personnel expenditures are also estimated based on the proportion of employees transferred.

#### Contractual Services

The department contracts outside vendors for specialized services generally including housing inspection and analysis, real estate appraisals, architectural services, environmental assessments, and title services. The department also contracts vendors to deliver its HOPWA and Handyworker programs. The Housing Department serves as the grant administrator for various HOPWA-related programs for Los Angeles County. These programs are administered through third-party contractors



providing housing and related supportive services for individuals living with HIV/AIDS and their families. The services provided consist of rental subsidies, mortgage and utility payment assistance, emergency food and shelter vouchers, and referral services. The Handyworker Program provides free minor repairs to low-income homeowners. Typical services include emergency repairs, removal of safety hazards, home security improvements, and energy conservation and weatherization improvements. Repairs are performed by private organizations contracted by department. It is assumed that the new Harbor City would require contractual services proportional to the number of employees transferred.

### **Projected Revenues**

The department receives less than 10 percent of its funding from the General Fund. The department receives the balance of its funds from the Community Development Trust Fund (CDBG), the HOME Investment Partnerships Program Fund, UDAG, HOPWA, and the Municipal Housing Finance Fund. The department's Rent Stabilization and Enforcement divisions are self-sustaining through the revenues they collect which are allocated through the Rent Stabilization Trust Fund and the Code Enforcement Trust Fund. The Rent Stabilization division collects \$14 per unit from property owners of rental housing units and the Code Enforcement division collects \$12 per residential rental unit per year.

It has been assumed in this report that a newly incorporated Harbor City would apply for and be eligible for funding from the CDBG and HOME programs beginning in fiscal year 2003-04. The grant amount the new Harbor City is eligible to receive from these programs is based on HUD's entitlement formulas. According to the CDBG entitlement formula, the proposed Harbor City would be entitled to approximately 4 percent of the current CDBG funds accounted for in the Consolidated Plan.

It is assumed that the new Harbor City's mayor and council would determine the amount of UDAG and HOPWA funds received by the new Harbor City

With respect to expenditures that must be supported by general fund revenue of the Harbor City, it is assumed the Harbor City would use general fund monies for the department in approximately the same proportion currently used by the City of Los Angeles.

As discussed above, the department has loans that generate program income that is used for additional programs under the Consolidated Plan. It is assumed that the City will remain custodian of the existing loans and retain all income. The Housing Development division also assists in the administration of mortgage revenue bonds through its Home Ownership unit, serving as a conduit to enable the issuance of tax-exempt bonds, and monitoring the use of funds to ensure compliance with regulations. Because the bonds are secured by revenue from the housing projects, and no City funding is pledged for repayment of the bonds, it is assumed that the City will remain the custodian of all outstanding mortgage revenue bonds.

Finally, the department receives monies derived from the sale of revenue bonds, which are deposited into the Municipal Housing Finance Fund. The proposed Harbor City could provide for the issuance of future mortgage revenue bonds once the new Harbor City is incorporated.

The following table represents General Fund departmental receipts. The department's gross receipts represent its total cost recovery to the General Fund. It is assumed that the new Harbor City's departmental receipts (primarily for reimbursement of related costs) would be contributed to the Harbor City General Fund based on the percentage of staff citywide that would transfer to the Harbor City.



**LOS ANGELES HOUSING DEPARTMENT  
GENERAL FUND DEPARTMENTAL RECEIPTS**

| <u>Revenue Source</u>          | <u>2000-01<br/>Budget</u> |
|--------------------------------|---------------------------|
| Reimbursement from Other Funds | \$ 6,598,200              |
| Special                        | 73,078                    |
| <b>Total</b>                   | <b>\$ 6,671,278</b>       |



## **Mayor**

The Mayor is the executive officer of the City, and exercises supervision over all of its affairs. The Mayor submits proposals and recommendations to the Office of the Mayor, approves or vetoes ordinances passed by the Office of the Mayor, and is active in the enforcement of the ordinances of the City. The Mayor recommends and submits the annual budget and passes upon subsequent appropriations and transfers; appoints and may remove certain City officials and commissioners, subject to confirmation by the Office of the Mayor; secures cooperation between the departments of the City; receives and examines complaints made against officers and employees; and coordinates visits of foreign and domestic dignitaries with concerned public and private organizations.

## **Distribution of Service within City**

All Office of the Mayor staff are located at City Hall in downtown Los Angeles. However, several services provided by these staff are carried out in geographically dispersed areas throughout the City. For example, the L.A. Business Team Program, which promotes development in key growth industries throughout the City by working to attract, expand and retain quality job-creating businesses, is operated by Office staff. The Mayor's Volunteer bureau, which seeks to maximize the use of volunteers throughout the city, is also administered through Office staff.

## **Proposed Apportionment**

In the event of a special reorganization, it is assumed the new Harbor City would select a mayor from one of its council members. It is further assumed for the purposes of this analysis that no staff or administrative support currently serving the City of Los Angeles Mayor would be transferred to support the mayor of a new Harbor City, as this support has been accounted for in the "Council" section of this report.



### **Neighborhood Empowerment**

The new City Charter established the Department of Neighborhood Empowerment (DONE) in 1999. The department is charged with the responsibility of promoting citizen participation in government and making government more responsible to local needs by developing a citywide system of Neighborhood Councils. The department prepares a Plan for a Citywide System of Neighborhood Councils, and it assists neighborhoods in preparing petitions for certification and organizing themselves in accordance with the Plan.

### **Distribution of Service Within the City**

The department's centralized services are provided through its main office located at 305 East First Street in Los Angeles. Currently, the department provides direct services to the community through four field offices, one of which is located at 638 S. Beacon Street, Room 210, in the San Pedro City Hall. Each of the field offices is staffed with Project Coordinators that have been distributed geographically by Area Planning Commission District. The Harbor area has been assigned one Project Coordinator that works from the Harbor area field office.

The current number of field offices, number of Project Coordinators, and geographic distribution formula of Project Coordinators may change upon adoption by the Mayor and Council of the proposed Citywide System of Neighborhood Councils Plan and the number of Neighborhood Councils certified once the Plan is adopted. Once the Plan is adopted, it is anticipated by the City that department budgets for future years will be substantially greater and farther reaching than the current year and will necessitate the expansion of services and staff to certify, educate, train, audit, and fund the Neighborhood Councils and attendant requirements.

### **Proposed Apportionment**

The proposed apportionment seeks to provide the new Harbor City with responsibility for the services the Harbor area currently receives from the department. Such an apportionment could be accomplished by transferring to the new Harbor City those department personnel that, as of fiscal year 2000-01, provide services to the Harbor area and a proportionate share of the assets used to provide direct administrative support to the department.

Although for the purposes of the initial fiscal analysis, it is assumed the number of department staff providing services to the Harbor area would transfer to the new city, an issue that may need to be addressed by LAFCO is whether a newly incorporated Harbor City would require the services of the department. The system of Neighborhood Councils was purportedly developed to provide a greater level of local participation in government. For a city the size of proposed Harbor City, and represented with at least 5 council members, the need for an additional level of participation is questionable.

### **Transfer of City Personnel**

The number of department staff that, as of fiscal year 2000-01, provide services to the Harbor area can be estimated based on the current location of staff as well as the estimated workload and service needs in the Harbor area.

The department maintained 32 budgeted positions in fiscal year 2000-01. The department is comprised of six divisions, the functions of which are described in the table below.



**DEPARTMENT OF NEIGHBORHOOD EMPOWERMENT  
INTERNAL DIVISION FUNCTIONS**

| <u>Division</u>                    | <u>Function</u>                                                                                                                  |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| Management                         | Responsible for department-wide management.                                                                                      |
| Administrative Services Division   | Manages the department's human resources, budget management and analysis, financial systems management and accounting functions. |
| Field Operations/Outreach Division | Responsible for education, training and organizing.                                                                              |
| Certification and Compliance       | Manages certification process and implementation.                                                                                |
| Public Relations                   | Manages all program-related public relations.                                                                                    |
| Systems                            | Provides IT support to the department.                                                                                           |

Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Harbor area. As shown in the table below, it is estimated that a total of 10 positions provide service to the Harbor area. This estimate is based on the fiscal year 2000-01 organization chart. A special reorganization would thus result in 3.1 percent of the department's staff being transferred to the new Harbor City.

**DEPARTMENT OF NEIGHBORHOOD EMPOWERMENT  
ALLOCATION OF WORKLOAD AND STAFF**

| <u>Unit</u>                  | <u>Allocation Method</u> | <u>Positions</u> | <u>Harbor<br/>Allocation</u> |
|------------------------------|--------------------------|------------------|------------------------------|
| Mgmt. & Support Services     | Proportion of employees  | 6                | 0                            |
| Administrative Services      | Proportion of employees  | 7                | 0                            |
| Systems                      | Proportion of employees  | 2                | 0                            |
| Field Operations/Outreach    | Proportion of population | 2                | 0                            |
| Non-Harbor                   | None                     | 9                | 0                            |
| San Pedro City Hall          | All                      | 1                | 1                            |
| Certification and Compliance | Proportion of population | 3                | 0                            |
| Public Relations             | Proportion of population | 2                | 0                            |
| Total                        |                          | 32               | 1                            |

The methodology used to estimate the number of positions providing service to the Harbor area is as follows. The Management, Administrative Services, and Systems Divisions provide internal department functions. Their staffing is therefore a function of the total number of department staff and can reasonably be apportioned using the department's estimated number of employees to be transferred to the new Harbor City. Given the minimal number of department staff that would transfer to the Harbor City, no positions within these divisions are assumed to transfer.

The Field Operations/Outreach Division is comprised of both centrally located staff and staff geographically distributed by Area Planning Commission District that work out of the department's four field offices. Each field office primarily serves the geographic area in which it is located and can therefore be apportioned to the area it serves. It is assumed that the Harbor field office located in San Pedro City Hall will be transferred to the new Harbor City and the remaining field offices will remain under control of the City of Los Angeles.

Because the department's mission is to promote public participation, the Field Operations/Outreach Division's centrally located staff may be apportioned using the Harbor area's proportion of citywide population. The level of outreach required to promote public participation is, in part, a function of



population. Based on the proportion of City population in the Harbor area, no positions within these divisions would transfer to the proposed Harbor City.

Sufficiency of Staff Apportioned to the Harbor Area and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Department of Neighborhood Empowerment does not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the department's 32 positions, approximately 59 percent are professional/technical. The professional/technical positions consist of the Public Information Director, Accountant, and Analysts. The clerical/administrative category comprises 34 percent of department staff. It includes the Executive Assistant, an Executive Secretary, Clerk, Clerk Typists, and an Accounting Clerk. Finally, roughly seven percent of department staff is upper management. This category includes the General Manager and Assistant General Manager.

The assumed allocation to the Harbor City would consist of a transfer of the sole position currently located at the San Pedro City Hall. It appears that this position serves the Harbor area exclusively, and the transfer of such a position would not likely impair the department's ability to perform its services in the remaining areas of the City.

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**DEPARTMENT OF NEIGHBORHOOD  
EMPOWERMENT  
COMPOSITION OF WORKFORCE**

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| <u>Category</u>         | <u>Positions</u> | <u>Percent of<br/>Total</u> |
|-------------------------|------------------|-----------------------------|
| Professional/Technical  | 19               | 59%                         |
| Clerical/Administrative | 11               | 34%                         |
| Management/Specialists  | 2                | 7%                          |
| Total                   | 32               |                             |

Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Harbor City the facilities, equipment and other assets used to provide services to the Harbor area. In general, this would include transferring facilities located in the Harbor area, as well as the resources located at those facilities, to the new Harbor City. It would also include transferring a proportionate share of centrally located equipment and other assets to the new Harbor City.

Given these general criteria, the proposed apportionment would include the transfer of the Harbor area field office to the new Harbor City. The apportionment would also include the transfer of the equipment and software required for any Neighborhood Councils certified in the Harbor area to implement the department's Early Notification System (ENS). The ENS system is currently being developed by the department of Neighborhood Empowerment and the City's Information Technology Agency. It is estimated that the ENS system will be operational by 2002. According to the City Charter, ENS will provide all Neighborhood Councils with a computer, software, and access to the Internet. Each Council will designate an e-mail address or website where notifications of municipal activities can be received. All City entities designated by Charter Section 907 are required to supply relevant information directly to the appropriate Neighborhood Council's email address or website.



#### Transition of Service to the New City

It is expected that the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for staff transferred to the new city and for the acquisition, development, or transfer of equipment and systems to the new Harbor City.

#### **Projected Expenditures**

The special reorganization would result in the transfer of 1 position, or roughly 3.1 percent of the department's staff, to the new Harbor City. The expected salary cost for the new department is estimated based on the proportion of employees transferred as of the fiscal year 2000-01 Budget. The department expects significant changes to its staffing level once the Citywide System of Neighborhood Councils Plan is adopted and the number of certified Neighborhood Councils increases. The department has not made definitive service and staffing projections. It will make such projections once the number of certified Neighborhood Councils is determined and program trends over the course of fiscal year 2001-02 have been evaluated.

Non-salary personnel expenditures are also estimated based on the proportion of employees transferred.

#### Contractual Services

The department has no contracts with outside vendors that exceed \$100,000 and does not anticipate any such contracts through fiscal year 2005.

#### **Projected Revenue**

The department receives all of its funding from the City's General Fund. Based on the timeline established for the development and adoption of a Citywide System of Neighborhood Councils, it is projected that there will be an increase in the department's General Fund allocation.

With respect to the General Fund, the new Harbor City General Fund would support the new Harbor City Department of Neighborhood Empowerment. All general revenue receipts contributed by residents and businesses in the Harbor area would be contributed to the new city's General Fund, in accordance with the Applicant's proposal for special reorganization. At this time, the department does not generate General Fund receipts.



## **Personnel**

The Personnel Department is responsible for City employee related services including recruitment, training, testing, promotions, transfers, and the removal of City employees. The department also administers the City's Rideshare Program, administers employee benefits, investigates and hears discrimination complaints and disciplinary action appeals, conducts pre-employment medical exams, administers the Workers' Compensation program, and provides medical care for persons in custody of the Police Department. The department is also responsible for administering the Human Resources Benefits budget.

### **Distribution of Service within the City**

The Personnel Department is comprised of eight divisions that deliver human resources-related services to City departments. The majority of the department's staff is located in the Personnel building at 700 East Temple Street. The Occupational Health Services Division is located at 1401 West Sixth Street, and the Employee Benefits and Commuter Services arms of the Employee Services and Fiscal Operations Division are located at City Hall East.

The department provides two types of direct public services, which include job recruitment and medical care. Recruitment efforts consist of the dissemination of employment information at the following facilities: Constituent Services Center at 8475 South Vermont Avenue in Los Angeles; Valley One-Stop at 14546 Hamlin Street in Van Nuys; and Cypress Park Community Center at 929 Cypress Avenue in Los Angeles.

The department also provides medical services in the form of pre- and post-booking medical exams and evidentiary medical exams. These services are managed by the Custody Care unit that is located at 1401 West Sixth Street. Custody Care staffs three dispensaries located at City Jails located at Parker Center, 77<sup>th</sup> Street, and Van Nuys. Each dispensary services arrestees at the jail in which it is located.

### **Proposed Apportionment**

The proposed apportionment seeks to provide the new Harbor City with responsibility for the services the Harbor area currently receives from the Personnel Department. Such an apportionment could be accomplished by transferring to the new Harbor City the department personnel that, as of fiscal year 2000-01, currently service the proportion of personnel required to run the new Harbor City and a proportionate share of the assets used to provide management, administrative, and technical support for the department.

### **Transfer of City Personnel**

The number of department staff required to provide human resources-related services for the new Harbor City can be estimated based on the current geographical location of staff as well as the estimated workload and service needs in the Harbor area. For fiscal year 2000-01 the Personnel Department has 372 budgeted positions, of which 5 are Citizen Board Members.



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## PERSONNEL DEPARTMENT INTERNAL DIVISION FUNCTIONS

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| <u>Division</u>                          | <u>Function</u>                                                                                                                                                                                                                                               |
|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Occupational Health Services             | Handles all occupational-health related programs; Examines candidates for Police Reserves and provide care for members; provides care for prisoners and persons in custody in City jails; conduct med/psych exams for entry-level Police and Fire candidates. |
| Workers' Compensation                    | Manages City's Workers' Compensation claim workload and related issues; determines compensability; delivers benefits; manages costs and losses.                                                                                                               |
| Public Safety Employment                 | Assists in LAPD/LAFD recruitment and examination-related issues; conducts background investigations for firefighter candidates; handles LAPD/LAFD executive recruitment.                                                                                      |
| Examining                                | Handles recruitment, civil service examinations, and background investigations; maintains civil service records; provides lists of eligible candidates to hiring departments.                                                                                 |
| EEO & Employment Development             | Ensures EEO practices; conducts workforce planning; disseminates information on employee rights and obligations; conducts workforce planning and development survey.                                                                                          |
| Employee Services & Fiscal Operations    | Administers the budget, accounting, purchasing, payroll and inventory systems of the Department; handles contracts, benefits, AQMD compliance, and fiscal operations for benefits.                                                                            |
| Classification Services Group            | Handles civil service classifications; provides personnel-related technical assistance to departments; handles transfers; reviews reinstatement requests; investigates out-of-class complaints.                                                               |
| Examination Development & Research Group | Handles civil service examination-related research; develops and administers civil service exams and exams for classes of Police, Firefighters and other departments.                                                                                         |

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Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division required to service the new Harbor City's personnel and provide other human resources-related services. The apportionment method applied to the department's divisions differs conceptually from that used in the majority of City departments because of the internal support function it provides. In general, apportionment is tied to the total number of employees transferred to the new Harbor City.

As shown in the table below, it is estimated that a total of 12 positions will be required to staff the new city's Personnel Department. This estimate is based on an analysis of the fiscal year 2000-01 budget, and on a total of 367 budgeted non-Commissioner positions in the department. A special reorganization would thus result in 3.27% of the department's staff being transferred to the new Harbor City.



**PERSONNEL DEPARTMENT  
ALLOCATION OF WORKLOAD AND STAFF**

| <u>Unit</u>                            | <u>Allocation Method</u>                                            | <u>Positions</u> | <u>Harbor<br/>Allocation</u> |
|----------------------------------------|---------------------------------------------------------------------|------------------|------------------------------|
| <b>Management &amp; Administration</b> |                                                                     |                  |                              |
| Management Services                    | Proportion of employees                                             | 8                | 0                            |
| Admin. Support & Special Services      | Proportion of employees                                             | 8                | 0                            |
| Information Technology Group           | Proportion of employees                                             | 7                | 0                            |
| <b>Divisions</b>                       |                                                                     |                  |                              |
| Occupational Health Services           | Proportion of citywide employees                                    | 39               | 2                            |
| Hyperion Health Services               | Not apportioned                                                     | 1                | 0                            |
| Custody Care                           | Not apportioned                                                     | 33               | 0                            |
| Workers' Compensation                  | Proportion of employees                                             | 102              | 4                            |
| Public Safety Employment               | Average Proportion of Police & Fire<br>Department Staff transferred | 47               | 2                            |
| Examining                              | Proportion of citywide employees                                    | 61               | 2                            |
| Employee Services & Fiscal Operations  | Proportion of citywide employees                                    | 31               | 1                            |
| EEO & Employment Development           | Proportion of citywide employees                                    | 16               | 1                            |
| Classification Services Group          | Proportion of citywide employees                                    | 8                | 0                            |
| Examination Development & Research     | Proportion of citywide employees                                    | 6                | 0                            |
| <b>Total</b>                           |                                                                     | <b>367</b>       | <b>12</b>                    |

The methodology used to estimate the number of personnel required to staff the new Harbor City's Personnel Department is as follows. The Management Services group, the Administrative Support and Special Services Group, and the Information Technology Group primarily support the activities of the department's eight divisions. Staffing is therefore a function of the total number of department staff and can reasonably be apportioned using the department's estimated number of employees to be transferred to the new Harbor City. Given that only a small number of positions for the entire department would be required to transfer to the proposed Harbor City, no positions within these support divisions are assumed to transfer.

The Departmental Divisions, excluding Public Safety Employment and the Custody Care arm and Hyperion Health Services unit of Occupational Health Services, are apportioned using the percent of total City employees that may be transferred to the new Harbor City as part of the special reorganization. The divisions provide human resources-related services to all City departments and it is assumed that the current number of staff in each division represents optimal staff levels required to serve the City's personnel. Therefore, the percent of total employees transferred to the new Harbor City as part of the special reorganization provides a measure of the positions in these divisions required to staff the new Personnel Department.

The Public Safety Employment Division is apportioned using the percent of Police and Fire Department staff that may be transferred to the new Harbor City. This division is primarily devoted to providing recruitment, examination, and background investigation services for the Police and Fire Departments. Thus, the percent of Police and Fire Department personnel transferred to the new Harbor City provides a measure of the positions in this division required to staff the new Harbor City.

The Custody Care Medical Services group is a branch of the Occupational Health Services Division. Custody Care is comprised of 26 nurses and 14 physicians. One physician and one nurse administer the Custody Care program from the Occupational Health Services Division office downtown, while the remaining personnel staff three dispensaries located at Parker Center Jail, 77<sup>th</sup> Street Division Jail, and Van Nuys Jail. It is estimated that no positions within the Custody Care group work for the benefit of the Harbor area, and therefore no positions are assumed to transfer to the proposed new city.



Finally, the Hyperion Health Services unit of the Occupational Health Services Division, which is staffed by an Occupation Health Nurse, will not be apportioned and will remain under the control of the City. It is assumed that the Hyperion Plant will remain under the control of the City as well as the City staff that provide service to Plant employees.

The department also has budgeted for several "as needed" positions for fiscal year 2000-01. It is assumed for the purposes of this fiscal analysis that the Harbor City would also utilize "as needed" positions, and a proportional amount of the cost for these positions is assumed transferred to the Harbor City based on the number of budgeted staff transferred.

#### Sufficiency of Staff Apportioned to the Harbor Area and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Personnel Department does not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified employees would be transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the department's 367 non-Board Member positions, roughly 47 percent are professional/technical. The professional/technical positions consist of all Department Analysts, Nurses, Accountants, Background Investigators, Pharmacists, and various other trades. The clerical/administrative category comprises 46 percent of department staff. It primarily includes Executive Assistants, Secretaries, Clerk typists and various other Clerks, Records Supervisors, Data Control Assistants, Data Entry Operators, Duplication Machine Operators, Customer Service Attendants, and Claims Assistants. Finally, roughly seven percent of department staff are either upper management or highly specialized. This category includes General and Assistant General Managers, Physicians, Psychologists, Chief Analysts, the Medical Director, and Workers' Compensation Administrator II.

To achieve a similar mix of skills and experience among department staff in the new Harbor City, the 11 positions apportioned to the Harbor City would consist of the following: 6 profession/technical positions and 5 clerical/administrative positions.

#### **PERSONNEL DEPARTMENT COMPOSITION OF WORKFORCE**

| <u>Category</u>         | <u>Positions</u> | <u>Percent of<br/>Total</u> |
|-------------------------|------------------|-----------------------------|
| Professional/Technical  | 175              | 47%                         |
| Clerical/Administrative | 169              | 46%                         |
| Management/Specialists  | 26               | 7%                          |
| Total                   | 367              |                             |

#### Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Harbor City the facilities, equipment, and other assets used to provide services to the Harbor area. In general, this would include transferring facilities located in the Harbor area, as well as the resources located at those facilities, to the new Harbor City. It would also include transferring a proportionate share of centrally located equipment and other assets to the new Harbor City.

Assets subject to the proposed apportionment include civil service employee folders, medical equipment, and examination instruments used for recruitment and civil service classification. The civil service folders contain all personnel transactions, commendations and disciplinary actions for employees in all City departments, except the Department of Water and Power. It is assumed that these assets can be transferred directly to the new Harbor City.



The Occupational Health Services Division houses a fully equipped medical facility, with x-ray machine and laboratory. The City has asserted that this facility is configured with the equipment and systems necessary to service the City's current volume of occupational health-related cases. Based on this assertion and the identified equipment contained within the facility, it appears that the facility could not be divided and apportioned to the Harbor City without compromising the integrity of the existing facility design. Therefore, the new Harbor City would need to create its own medical facility, contract with the City or an outside agency, or go without a dedicated medical facility. Given the City apparently staffs its medical facility with just one x-ray technician, it does not appear as if a high level of demand would be generated by a Harbor City, and it is assumed for the purposes of this report that the Harbor City would go without a dedicated facility.

Finally, it is assumed that all examination instruments for recruitment and classification developed by the department can be transferred to the new Harbor City.

#### Transition of Service to the New City

It is expected that the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. Of particular importance is the new department's ability to establish a functional Workers Compensation Division. The new Division must be operational at the time in which staff is transferred so that benefit delivery is not delayed and statutory requirements are satisfied in a timely manner. If treatment or benefits are delayed or time limits exceeded, the new City would be liable for substantial financial penalties.

It is assumed that the new Harbor City Personnel Department will be responsible for the administration of Workers' Compensation claims made by the employees transferred to its jurisdiction. The new Harbor City is assumed to establish a Human Resources Benefits budget for the payment of those claims and other benefits the new city elects to provide its employees. The City of Los Angeles Personnel department is assumed to administer claims made by employees remaining in its jurisdiction as well as claims made by inactive employees (subject to reimbursement of a proportional amount by the proposed Harbor City), employed by the City at some time preceding the special reorganization.

The new Harbor City will need to establish several "pass-through" funds through which some of the Human Resources Benefits budget is disbursed to carriers. Monies for these funds enter into the fund accounts and pass through immediately as disbursements. There are five such accounts: (1) The Deferred Compensation Plan Investment Fund, (2) The Pension Savings Investment Fund, (3) the IRS Sec 501 Employee Benefits Trust, (4) the Insurance Trust, and (5) the Dental Plan Trust.

#### **Projected Expenditures**

The special reorganization would result in the transfer of 11 positions, or roughly 3.27 percent of the department's staff, to the new Harbor City. The expected salary cost for the new department is estimated based on the proportion of employees transferred as of the fiscal year 2000-01 Budget. The department does not expect any significant changes to its staffing level during the planning period, or any changes to the level of service provided.

Non-salary personnel expenditures are also estimated based on the proportion of employees transferred.

#### Contractual Services

The Personnel Department contracts with several agencies for specialized services. The majority of contract dollars pay for benefits including civilian health benefits, fire health benefits, police health benefits, civilian dental benefits, and civilian life insurance. The department also uses outside vendors for employee training, advertising, systems development, executive recruitment, employee benefits consulting, discrimination investigation, benefits administration, contract hospitals, and physician services.



It is assumed that the new Harbor City will need to establish its own agreements with benefit contractors. The cost of these contracts may be proportional to the number of employees transferred to the Harbor City but is ultimately determined by the enrollment-related demographics of the group.

The costs of the new city's personnel benefits and workers compensation claims are accounted for in the "- Non Departmental - Human Resources Benefits" section of this report. The Human Resources Benefits budget amount for the new city is estimated by multiplying the percentage of City personnel transferred to the new city by the City's Human Resources Benefits. In this manner, the budget amount for the new city implicitly recovers the costs of workers compensation costs for current and inactive employees.

### **Projected Revenues**

The department has historically received the majority of its funding (90% in fiscal year 2000-01) from the City's General Fund. The remaining 10 percent of the department's funding comes from the Mobile Source Air Pollution Reduction Fund, the Sewer Construction & Maintenance Fund, and the City Employees Ridesharing Fund.

The Mobile Source Air Pollution Reduction Fund finances the department's air pollution reduction programs and staff positions in the Commuter Services Office. The Sewer Construction and Maintenance (SCM) Fund finances eight departmental positions, six of which provide safety related services for the Hyperion Treatment Plant and are physically located at the Plant. The remaining two positions represent the proportionate amount of time that personnel support services are provided to SCM entry-level and promotional candidates. In fiscal year 2000-01, five of the eight SCM-funded positions will be transferred to other departments. The City Employees Ridesharing Fund is used to finance the City's ridesharing program. Monies received from City employees for parking privileges at all City owned lots, or privately owned lots where the City leases space for parking by City employees, are deposited into the Fund. Monies collected from vanpool fares are also deposited into the Fund, along with monies collected from approved personal use of vanpool vehicles.

It is expected that the new Harbor City will receive Mobile Source and Ridesharing-related funds proportionate to the population in the Harbor area. However, it is not expected that the new Harbor City Personnel Department will receive SCM Funds. It is assumed that the City will retain control of the Hyperion Plant and the departmental services related to it.

With respect to the General Fund revenue for the Harbor area, the Harbor City General Fund would support the new Harbor City Personnel Department. All general revenue receipts contributed by residents and businesses in the Harbor area would be contributed to the new city's General Fund, in accordance with the applicant's proposal for special reorganization.

The following table represents General Fund departmental receipts. The department's gross receipts represent its total cost recovery to the General Fund. It is assumed in this report that the new Harbor City's departmental receipts (primarily for the administration of workers compensation) would be contributed to the Harbor City general fund.



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**PERSONNEL DEPARTMENT  
GENERAL FUND DEPARTMENTAL RECEIPTS**

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| <u>Revenue Source</u>             | <u>2000-01<br/>Budget</u> |
|-----------------------------------|---------------------------|
| Other General Government Services | \$ 50,200                 |
| Quasi-External Transactions       | 4,733,796                 |
| Other Current Service Charges     | 110,000                   |
| Miscellaneous Revenues            | 2,000                     |
| Reimbursement from Other Funds    | 374,944                   |
|                                   | <hr/>                     |
| Total                             | \$ 5,270,940              |

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## **Planning Department**

The Planning Department performs various functions related to the development of the City. It prepares and maintains a General Plan for the development of the City including such elements as land use, conservation, circulation, service systems, highways, public works facilities, branch administrative centers, schools, recreational facilities, and airports. It regulates the use of privately owned property through zoning regulations and state laws and through the approval of proposed subdivisions. It investigates and reports on applications for amendments to zoning regulations and handles zone variance applications. The department also conducts studies relating to environmental quality, and provides advice and assistance relative to environmental matters. The Planning Commission reviews all City requests for the acquisition of land for public use and the disposition of surplus land.

### **Distribution of Service Within City**

The Planning Department generally performs two functions: (1) long-range planning and (2) case processing. Case processing essentially deals with the implementation of the long-range plan. The long-range planning function is performed at the department's downtown offices located at 221 North Figueroa Street. The department also operates two Public Counters, one in the San Fernando Valley located at 6251 Van Nuys Boulevard, and one in downtown Los Angeles at 201 North Figueroa Street. The Counters accept and review land use applications, administer issuance of Zoning Consistency Determination, and counsel applicants on all City requirements for development. The downtown Counter generally serves applicants with projects located in all areas of the City outside the Valley. The department has no offices in the Harbor special reorganization area.

### **Proposed Apportionment**

The proposed apportionment seeks to have the new Harbor City assume responsibility for the services the Harbor currently receives from the Planning Department. Such an apportionment could be accomplished by transferring to the new Harbor City those department personnel that, as of fiscal year 2000-01, provide services to the Harbor and a proportionate share of the assets used to provide direct administrative support to the department.

### **Transfer of City Personnel**

The number of department staff that, as of fiscal year 2000-01, provide services to the Harbor can be estimated based on the current location of staff as well as the estimated workload and service needs in the Harbor. According to the City's fiscal year 2000-01 budget the department had 306 positions, of which 49 are Commissioners.

The department is comprised of ten divisions/units, the functions of which are described in the table below.



## PLANNING DEPARTMENT INTERNAL DIVISION FUNCTIONS

| <u>Division</u>                              | <u>Function</u>                                                                                                                                                                         |
|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Administrative Service Division              | Provides administrative, personnel, financial and operational support to the Department.                                                                                                |
| Office of Zoning and Administration          | Responsible for zoning-related issues.                                                                                                                                                  |
| Valley Planning Division                     | Handles all Valley-specific planning concerns and runs the Public Office.                                                                                                               |
| West/Coastal Community Planning Division     | Handles all West/Coastal-specific planning concerns and runs the Public Office.                                                                                                         |
| Metro/East/South Community Planning Division | Handles all Metro/East/South-specific planning concerns and runs the Public Office.                                                                                                     |
| Case Management                              | Assists in identifying plan entitlements, resolves issues between applicants and City Agencies, and assists applicants in case filing procedures.                                       |
| General Plan/Zoning Consistency              | Responsible for Plan Approvals, Site Plan Review cases, Development agreement Annual Reports, Zone Change revisions, Community plan and Zone Map review & Plan Consistency corrections. |
| Systems and GIS Division                     | Responsible for the Department's IT needs; implements PCTS; supports ZIMAS; Maintains and produces computer generated planning maps and automated maps.                                 |
| Playa Vista                                  | Provides support, including plot plan approval, permit sign-offs, etc. for projects pursuant to the Playa Vista Area D Specific Plan.                                                   |
| Airports                                     | Provides support relevant to the LAX and Van Nuys Airport Master Plans.                                                                                                                 |

Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division/unit providing service to the Harbor. As shown in the table below, it is estimated that a total of 6 positions provide service to the Harbor. This estimate is based on the fiscal year 2000-01 budget. A special reorganization would thus result in 6 positions, or 2.3% of the department's staff, being transferred to the new Harbor City.



**PLANNING DEPARTMENT  
ALLOCATION OF WORKLOAD AND STAFF**

| <u>Unit</u>                            | <u>Allocation Method</u>                           | <u>Positions</u> | <u>Harbor Allocation</u> |
|----------------------------------------|----------------------------------------------------|------------------|--------------------------|
| Management & Related Services Division | Proportion of mgmt. to total staff                 | 8                | 0                        |
| Administrative Service Division        | Proportion of administrative staff to total staff  | 33               | 1                        |
| Office of Zoning and Administration    | Harbor Plan. Div. proportion of Comm. Plan. Bureau | 54               | 1                        |
| Citywide Planning Division             | Harbor Plan. Div. proportion of Comm. Plan. Bureau | 30               | 1                        |
| <b>Community Planning Bureau</b>       |                                                    |                  |                          |
| Valley Planning Division               | Employee service area                              | 24               | 0                        |
| West/Coastal Community Plan. Div.      | Employee service area                              | 17               | 0                        |
| Metro/East/South Comm. Plan. Div.      | Employee service area                              | 31               | 2                        |
| Case Management                        | Harbor Plan. Div. proportion of Comm. Plan. Bureau | 8                | 0                        |
| General Plan/Zoning Consistency        | None-new City must create new position             | 1                | 0                        |
| Systems and GIS Division               | Harbor Plan. Div. proportion of Comm. Plan. Bureau | 44               | 1                        |
| Playa Vista                            | None                                               | 4                | 0                        |
| Airports                               | None                                               | 3                | 0                        |
| Total                                  |                                                    | 257              | 6                        |

The methodology used to estimate the number of positions providing service to the Harbor is as follows. The Management and the Administrative Services Divisions primarily support the activities of the department's other divisions. Staffing is therefore a function of the total number of department staff and can reasonably be apportioned using the department's estimated number of employees to be transferred to the new Harbor City.

The Community Planning Bureau can be apportioned according to the geographic service area location of each of its three divisions: Valley, West/Coastal, and Metro/East/South. Each division generally serves the geographic location in which it is located. The Metro/East/South Community Planning division encompasses the Harbor special reorganization area, but also encompasses a far larger portion of Los Angeles. Analysis of City organization charts indicates that the "South" portion of the Metro/East/South division is served by 8 of the division's 31 positions. Given that the "South" portion of the division alone is larger than the Harbor special reorganization area, further analysis using U.S. Census data indicated that in 1990, roughly 5.9% of the population in the "South" portion of the division was located in the Harbor special reorganization area. Applying this percentage to the 8 positions serving the "South" portion of the division results in an apportionment of 2 positions from the division to the new Harbor City.

The Citywide Planning, Case Management, and Systems/GIS Divisions can be apportioned using the Harbor Planning Division's proportion of the Community Planning Bureau. It is assumed that the Harbor Planning Division's proportion of staff is an indicator of the personnel required to implement and process the Harbor's planning-related needs.



The General Plan/Zoning Consistency unit is comprised of one City Planner and can therefore not be apportioned. The new Harbor City will need to hire a City Planner to fill this position.

The Playa Vista Major Project personnel are committed to Playa Vista planning-related issues and will therefore remain under control of the City. The workload of the Airport division is primarily dedicated to the LAX Master Plan and will therefore remain under control of the City.

#### Sufficiency of Staff Apportioned to the Harbor and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Planning Department do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified employees would be transferred to the new city and retained by the City of Los Angeles.

As shown in the table below, of the department's 257 positions, roughly 69 percent are professional/technical. The professional/technical positions consist of all Planners, Planning Associates, Management Analysts, Research Analysts, Associate Zone Administrators, GIS Specialists and Supervisors, Environmental Associates, Database Architects, Systems Analysts, Cartographers, Graphic Designers, and Accountants. The clerical/administrative category comprises 28 percent of department staff. It includes Secretaries, Planning Assistants, Clerks, Clerk typists, Clerk Stenographers, and Accounting Clerks. Finally, roughly three percent of department staff are either upper management or highly specialized. This category includes the Director of Planning, Deputy Directors of Planning, Principal City Planners, the Chief Zoning Administrator, and the Director of Systems.

To achieve a similar mix of skills and experience among department staff in the new Harbor City, the 6 positions apportioned to the Harbor would consist of the following: 4 profession/technical positions, 1 clerical/administrative position, and 1 management/specialist. Given that only 6 positions would be transferred to the Harbor, it would not be possible for the Harbor City to achieve a roughly similar mix of skills and experience among department staff received from the City of Los Angeles.

#### **PLANNING DEPARTMENT COMPOSITION OF WORKFORCE**

| <u>Category</u>         | <u>Positions</u> | <u>Percent of</u> |
|-------------------------|------------------|-------------------|
|                         |                  | <u>Total</u>      |
| Professional/Technical  | 177              | 69%               |
| Clerical/Administrative | 71               | 28%               |
| Management/Specialists  | 9                | 3%                |
| Total                   | 257              |                   |

Because a new Harbor City department would be apportioned just 6 positions, the department would have to hire additional staff or make various organizational modifications to be able to provide the full range of services the department currently provides in the City of Los Angeles. For the purposes of this report, it is assumed that the Harbor would alter this department's organizational structure and functional responsibilities to adjust to any staffing constraints.

#### Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Harbor City the facilities, equipment and other assets used to provide services to the Harbor. In general, this would include a proportionate share of centrally located equipment and other assets to the new Harbor City.

The Planning Department has no facilities located in the Harbor special reorganization area, and therefore no department facilities would be transferred to the new Harbor City.



Other assets subject to the proposed apportionment include all files relevant to parcels located in the Harbor's Community Planning Areas, the department's standard GIS software, customized GIS systems, and other specialized software and requisite databases. Specialized software includes the Planning Case Tracking System (PCTS) and the Zone Information and Map Access System (ZIMAS). PCTS is a custom software application designed to automate the department's paper case files. ZIMAS is a custom software application, for use by department personnel and the public, designed to automate the department's parcel maps. The ZIMAS application employs Zone Map Automation (ZMA) data that consists of several layers of information such as parcel attributes, zoning, codes, and setbacks.

It is assumed that the City could transfer all relevant paper case files to the new Harbor City. The new Harbor City, however, would need to lease or purchase its own custom software applications and requisite databases. For the purpose of this analysis, it is assumed that the department's custom software applications were created to accommodate the City's current user needs and would require significant redesign if transferred.

#### Transition of Service to the New City

It is expected that the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for staff transferred to the new city and the acquisition, development, or transfer of equipment and systems to the new Harbor City.

#### **Projected Expenditures**

The special reorganization would result in the transfer of 6 positions, or roughly 2.3% of the department's staff, to the new Harbor City. The expected salary cost for the new department is estimated based on the proportion of employees transferred as of the fiscal year 2000-01 Budget. The department does not expect any significant changes to its staffing level during the planning period, or any changes to the level of service provided.

Non-salary personnel expenditures are also estimated based on the proportion of employees transferred.

#### Contractual Services

The Planning Department had no contracts over \$100,000 with outside vendors in the fiscal year 2000-01. In prior fiscal years however, the department executed such contracts with vendors that provided expertise in architecture, planning, and systems development.

#### **Projected Revenues**

The department has historically received the majority of its funding (81% in fiscal year 2000-01) from the City's General Fund. The remaining 19 percent of the department's funding comes from the Stormwater Pollution Abatement Fund, the Community Development Trust Fund, Proposition C Anti-Gridlock Transit Fund, the City Planning Systems Development Fund, UDAG, and the B&S Systems Development Fund. It is expected that the new City Planning Department will receive proportional financing from these Funds, excluding the Major Projects Review Trust Fund. The Special Fee Agreements comprising the Major Projects Review Trust Fund, with the exception of Playa Vista, expired in 2000. Revenues generated from Playa Vista Special Fees, if any, will remain under control of the City of Los Angeles Planning Department.

Two of the aforementioned funds, however, will be expiring in the near future. The City Planning Systems Development Surcharge will end July 1, 2001, and the Community Development Trust Fund allocation will begin to decrease starting fiscal year 2001-02. This decrease reflects the end of the Census project and its funding.

With respect to the General Fund revenue for the Harbor, the Harbor City General Fund would support the new Harbor City Planning Department. All general revenue receipts contributed by



residents and businesses in the Harbor would be contributed to the new city's General Fund, in accordance with the Applicant's proposal for special reorganization.

The following table represents General Fund departmental receipts. The majority of the department's receipts represent zoning and subdivision fees, which are estimated to accrue to the proposed new Harbor City in proportion to population in the Harbor

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**PLANNING DEPARTMENT  
GENERAL FUND DEPARTMENTAL RECEIPTS**

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| <u>Revenue Source</u>             | <u>2000-01<br/>Budget</u> |
|-----------------------------------|---------------------------|
| Reimbursement From Other Agencies | \$ 5,000                  |
| Zoning and Subdivision Fees       | 4,455,000                 |
| Other General Government Services | 2,500                     |
| Quasi-External Transactions       | 300,000                   |
| Miscellaneous Revenues            | 2,000                     |
| Reimbursement From Other Funds    | 496,096                   |
| Special                           | 2,348,501                 |
| <b>Total</b>                      | <b>\$ 7,609,097</b>       |

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## **Police**

The Police Department is the primary law enforcement agency for the City of Los Angeles. Its functions include patrol, preventing and investigating crime, and enforcing traffic laws.

### **Distribution of Service within City**

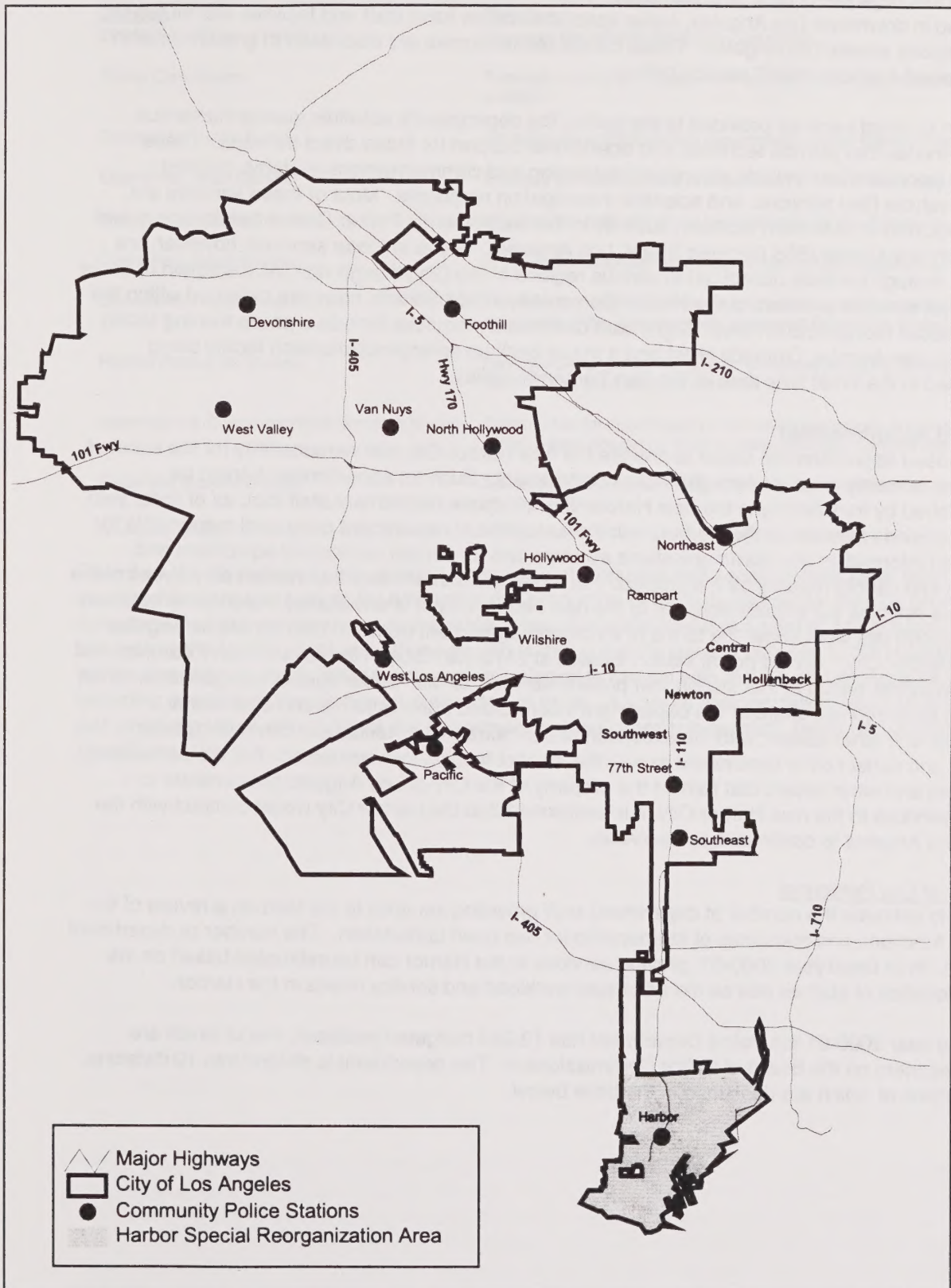
The activities of the Police Department can be divided into two broad categories: direct services provided to the public, and indirect services that provide technical and operational support for these direct services. The direct services are carried out through the department's geographically dispersed Operations Bureaus, called "Area" Bureaus, and through the Headquarters Operations Bureau, which is based at the department's Parker Center headquarters building in downtown Los Angeles (150 N. Los Angeles Street). There are 4 Area Bureaus – West, Central, South, and Valley – and each is responsible for day-to-day law enforcement within a specific region of the City (see map below). Each Area Bureau has between 4 and 5 community police stations. The South Operations Bureau, which has 4 police stations, includes the Harbor Community Police Station (2175 John S. Gibson Boulevard, San Pedro), and this station's service area encompasses the Harbor special reorganization area.<sup>43</sup>

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<sup>43</sup> The department also operates two "drop-in" offices in the Harbor area that are open for several hours one day per week. These include the Wilmington Service Center (309 W. Opp Street, Wilmington), and the Harbor City Service Center (1522 W. Pacific Coast Highway, Harbor City).



# City of Los Angeles Community Police Stations





The Headquarters Operations Bureau serves the entire City, providing both support to the Area Bureaus and specialized law enforcement resources in such areas as financial crimes, armed robbery and homicide, organized crime, and narcotics. While most Headquarters Bureau staff and facilities are located in downtown Los Angeles, some specific activities have staff and facilities distributed in various regions across Los Angeles. These distributed resources are discussed in greater detail in the "Proposed Apportionment" section below.

In addition to direct services provided to the public, the department's activities include numerous indirect services that provide technical and operational support for these direct services. These indirect support services include extensive information and communications systems, training facilities, vehicle fleet services, and scientific investigation resources. Most of these services are centrally located in downtown facilities, such as in the department's Parker Center headquarters and Piper Technical Center (555 Ramirez Street, Los Angeles). Some of these services, however, are delivered through facilities distributed in various regions of the City, though with the exception of some vehicle fleet services provided at the Harbor Community Police Station, none are delivered within the Harbor special reorganization area. Significant distributed resources include a police training facility (12001 Blucher Avenue, Granada Hills) and a major back up emergency/dispatch facility being constructed in the West Hills area of the San Fernando Valley.

### **Proposed Apportionment**

The proposed apportionment seeks to provide the new Harbor City with responsibility for the services the Harbor currently receives from the Police Department. Such an apportionment could be accomplished by transferring to the new Harbor City: (1) those department staff that, as of fiscal year 2000-01, provide services to the Harbor, with the exception of department personnel responsible for centralized information and communications systems and for certain centralized equipment and functions that cannot feasibly be transferred. For those department staff that remain employees of the City of Los Angeles but provide services to the new Harbor City, it is envisioned that these employees would perform this work under the terms of a contract agreement between the City of Los Angeles and the Harbor City; (2) the police station located at 2175 J.S. Gibson Boulevard, San Pedro, as well as the resources based at that station that provide services to the Harbor special reorganization area; and (3) a proportionate share of the department's centralized administrative and operational equipment and other assets, with the exception of centralized information and communications systems and certain other centralized assets that cannot feasibly be transferred. For the centralized equipment and other assets that remain the property of the City of Los Angeles but continue to provide services to the new Harbor City, it is envisioned that the Harbor City would contract with the City of Los Angeles to continue these services.

### **Transfer of City Personnel**

In order to estimate the number of department staff providing services to the Harbor, a review of the differing functions and mandates of the department has been undertaken. The number of department staff that, as of fiscal year 2000-01, provide services to the Harbor can be estimated based on the current location of staff as well as the estimated workload and service needs in the Harbor.

For fiscal year 2000-01 the Police Department has 13,650 budgeted positions, five of which are Commissioners on the Board of Police Commissioners. The department is divided into 10 divisions, the functions of which are described in the table below.



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## POLICE DEPARTMENT INTERNAL DIVISION FUNCTIONS

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| <u>Division</u>                              | <u>Function</u>                                                                                                                    |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| Office of the Chief of Police                | Manages the department's daily operations.                                                                                         |
| Police Commission                            | Provides oversight of department operations and sets department policies.                                                          |
| Operations, Valley Bureau                    | Provides law enforcement in department's Valley Bureau area.                                                                       |
| Operations, West Bureau                      | Provides law enforcement in department's West Bureau area.                                                                         |
| Operations, Central Bureau                   | Provides law enforcement in department's Central Bureau area.                                                                      |
| Operations, South Bureau                     | Provides law enforcement in department's South Bureau area.                                                                        |
| Operations, Headquarters Bureau              | Provides specialty law enforcement resources and supports the operations of the geographically dispersed Operations Bureaus.       |
| Human Resources Bureau                       | Responsible for personnel issues, employee relations, employee training, and psychological services.                               |
| Information & Communications Services Bureau | Responsible for department's information technology systems, 9-1-1 Public Safety Answering Point system, and radio communications. |
| Fiscal and Support Bureau                    | Administers department budget; manages payroll, facilities, evidence and purchasing.                                               |

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Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Harbor. As shown in the table below, it is estimated that a total of 447 positions provide services to the Harbor, excluding those positions that currently provide services to the Harbor but, as will be discussed in more detail below, are envisioned to remain with the City of Los Angeles while providing services to the Harbor on a contractual basis. A special reorganization would thus result in 447 positions, or roughly 3.3% of the department's non-Commissioner staff, being transferred to the new Harbor City.



**POLICE DEPARTMENT  
ALLOCATION OF WORKLOAD AND PERSONNEL**

| <u>Division</u>                     | <u>Allocation Method</u>                                 | <u>Positions*</u> | <u>Harbor Allocation</u> |
|-------------------------------------|----------------------------------------------------------|-------------------|--------------------------|
| Office of the Chief of Police       | Proportion of employees                                  | 835               | 30                       |
| Police Commission                   | Proportion of employees                                  | 65                | 2                        |
| Operations, Valley Bureau           | Location of employees/service area                       | 2,062             | 0                        |
| Operations, West Bureau             | Location of employees/service area                       | 1,750             | 0                        |
| Operations, Central Bureau          | Location of employees/service area                       | 1,920             | 0                        |
| Operations, South Bureau            | Location of employees/service area                       | 1,754             | 273                      |
| Operations, Headquarters Bureau     | Proportion of employees/Portion of staff not transferred | 2,259             | 70                       |
| Human Resources Bureau              | Proportion of employees                                  | 807               | 30                       |
| Information & Comm. Services Bureau | Staff not transferred                                    | 744               | 0                        |
| Fiscal and Support Bureau           | Proportion of employees/Portion of staff not transferred | 1,449             | 42                       |
| Total                               |                                                          | 13,645            | 447                      |

\* Number of positions per division based on the 1999-00 organization chart and excludes five Commissioners. Discrepancies between the number of budgeted positions for fiscal year 2000-01 and the number of positions on the organization chart were reconciled to match the number of budgeted positions.

The methodology used to estimate the number of positions providing service to the Harbor is as follows. For staff in the four Area Operations Bureaus (Valley, West, Central, and South), the apportionment method used is based on employee location and Bureau service area. As discussed above, the service area of the South Bureau's Harbor Community Police Station encompasses the Harbor area. It also extends beyond the Harbor special reorganization area, however, and includes the region known as Harbor Gateway as well. In order to adjust for these disparate boundaries and make a proportionate apportionment of staff, analysis was undertaken utilizing U.S. Census data indicating that as of 1990, roughly 83.6% of the population within the service area of the Harbor Community Police Station resided within the Harbor special reorganization area. Thus 83.6% of the Harbor Community Police Station staff, or 273 positions, would be transferred to the new Harbor City. As of fiscal year 1999-00, these 273 positions made up 3.65% of the 7,486 positions assigned to the four Area Operations Bureaus.

For the Information and Communications Services Bureau, no personnel are apportioned to the new Harbor City. This is because it is assumed in this report that, for both financial and technological reasons, the Harbor City will initially contract for its major information and communications technology services with the City of Los Angeles. (See section "Transfer of Equipment and Facilities" below for a description of the Police Department's major information/communications technology systems. See also chapter "Information Technology Agency" for a discussion of the proposal for providing the Harbor City with information and communications technology services.)

Similarly, for the Fiscal and Support Bureau, this report assumes that a portion of the positions in this division currently providing services to the Harbor will remain employees of the City of Los Angeles but provide services to the Harbor under the terms of a contractual agreement. This positions envisioned providing contractual services to the Harbor are a portion of those in the Bureau's Scientific Investigations Division (SID) based in downtown Los Angeles, and those in the Motor Transport Division based in the Division's downtown fleet repair facility. In both cases, specialized facilities and equipment essential for providing adequate levels of services cannot feasibly or economically be



divided between the Harbor City and City of Los Angeles or duplicated in the new Harbor City. (See section "Transfer of Equipment and Facilities" below for a discussion of the need for the Harbor City to contract for these services.)

This report also assumes that all positions in the Headquarters Operations Bureau's Transit Group will remain employees of the City of Los Angeles and continue providing services to the Los Angeles County Metropolitan Transportation Authority (MTA). Because these positions are funded by MTA under the terms of a contract between the MTA and the City of Los Angeles, a special reorganization will not make it necessary for a contractual agreement to be formed between the City of Los Angeles and a new Harbor City related to these positions should a special reorganization occur.

Another assumption with respect to the Headquarters Operations Bureau is that positions in the Bureau's Air Support Division (ASD) currently providing services to the Harbor will remain employees of the City of Los Angeles but provide services to the Harbor under the terms of a contractual agreement. These positions are assumed to remain with the City of Los Angeles due to practical constraints in dividing certain personnel and equipment associated with ASD.

For the remaining positions in the Fiscal Operations and the Headquarters Operations Bureaus, as well as for the department's other three major departmental divisions – Office of the Chief of Police, Police Commission, and Human Resources – the number of positions providing service to the Harbor is estimated based on the proportion of employees in the department's Area Operations Bureaus providing services to the Harbor. The rationale for this apportionment is that much of the workload for these divisions involves supporting the activities of the department's four Area Operations Bureaus, who provide the bulk of the department's direct services. Thus the number of staff providing services to the Harbor as a percentage of all Area Operations Bureau staff (3.65%) provides a measure of the percentage of positions in these support divisions providing services to the Harbor.

The Police Department has also budgeted for a small number of "as needed " positions. A proportional amount of the cost for these positions is assumed transferred to the Harbor City in proportion to the number of budgeted staff transferred.

#### Sufficiency of Staff Apportioned to Harbor and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Police Department do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the department's 13,645 non-Commissioner positions, roughly 87.5% are professional/technical. The professional/technical positions consist of all the department's Police Officers and Police Detectives, systems analysts, specialists in various trades (e.g., automotive mechanics, electricians, and welders), Management Analysts, and various crime investigation personnel (e.g., fingerprint experts, criminalists, and polygraph examiners). The clerical/administrative category comprises 12.2% of department staff. It includes Typists, Secretaries, Stenographers, and other clerical staff. Finally, roughly 0.3% of department staff are either upper management or highly specialized. Among these positions are all those designated "Chief" (e.g., Chief of Police, Chief Forensic Chemist, Chief Psychologist), Deputy and Assistant Chiefs, and Police Commanders. This category also includes the Director of Systems.

To achieve, at least in percentage terms, a roughly similar mix of skills and experience among department staff in the new Harbor City, the 447 positions apportioned to the Harbor would consist of the following: 391 professional/technical, 55 clerical/administrative, and 1 specialist/management. Given its current mix of position categories, the department appears to contain sufficient staff in each category to allow for such a transfer.



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**POLICE DEPARTMENT  
COMPOSITION OF WORKFORCE**

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| <u>Category</u>         | <u>Positions</u> | <u>Percent of<br/>Total</u> |
|-------------------------|------------------|-----------------------------|
| Professional/Technical  | 11,939           | 87.5%                       |
| Clerical/Administrative | 1,665            | 12.2%                       |
| Management/Specialists  | 41               | 0.3%                        |
| Total                   | 13,645           |                             |

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Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Harbor City the facilities, equipment and other assets used to provide services to the Harbor. This would include: (1) transferring facilities located in the Harbor, as well as the resources located at those facilities, to the new Harbor City; and (2) transferring a proportionate share of centrally located and some distributed equipment and other assets to the new Harbor City, with the exception of certain asset categories discussed below. This proposed apportionment is discussed below, organized with reference to the department Bureau that uses the facilities and/or equipment.

A. South Operations Bureau

The facility utilized by the Harbor Operations Bureau within the Harbor area is the Harbor Community Police Station. This station would be transferred to the new Harbor City as part of the proposed apportionment. A list of the services provided at this station appears in the table below.

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**POLICE DEPARTMENT  
POLICE STATIONS LOCATED IN HARBOR**

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| <u>Station</u>             | <u>Station Address</u>                         | <u>Services Provided</u>                                               |
|----------------------------|------------------------------------------------|------------------------------------------------------------------------|
| Harbor Bureau Headquarters | 2175 S. John Gibson Blvd., San Pedro,<br>90731 | Patrol, Detectives, Administrative,<br>Property, Jail, Motor Transport |

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B. Headquarters Operations Bureau

With respect to the Headquarters Operations Bureau, major equipment and facilities include those associated with the Air Support Division. The Air Support Division provides aerial support of department operations. Among the Division's assets valued at over \$100,000 are 19 helicopters. The Division utilizes two facilities: the Van Nuys Airport (16461 Sherman Way, Van Nuys), which serves as the base for regular operations; and Piper Technical Center (555 Ramirez Street, Los Angeles), which serves as the air fleet's primary repair and equipment storage facility.

For the Air Support Division's helicopters, the proposed apportionment is based on the percentage of department staff in the Area Operations Bureaus that are estimated to be providing services to the Harbor. This percentage, 3.65% (as calculated above), applied to the number of helicopters would result in 1 helicopter being transferred to the new Harbor City.

C. Information and Communications Services Bureau

Most of the equipment and assets associated with the Information and Communications Services Bureau consists of hardware and software used for the department's information and communications systems. The largest such system is the Emergency Command Control Communications System (ECCCS), the department's central command and control system and the Public Safety Answering Point for all police, fire, and emergency medical services. It serves all geographic areas of the City. The ECCCS consists of the following integrated components:



- 9-1-1 Telephone System
- Central Dispatch Center
- Area Command Centers
- Computer-Aided Dispatch
- Mobile Data Communications
- Data Radio Backbone Network
- Voice Radio Backbone Network
- Remote Out-of-Vehicle Emergency Radio System

Another component of the ECCCS, which is scheduled for completion in 2001, is the San Fernando Valley Communications Dispatch Center ("Valley Dispatch Center"), located in West Hills. The Valley Dispatch Center is designed to serve as a 9-1-1/dispatch system for the entire City of Los Angeles on a stand-alone basis. When completed, therefore, the Valley Dispatch Center is envisioned as a back-up dispatch center for the Metro Dispatch Center located in downtown Los Angeles. Funds to construct the Valley Dispatch Center were approved by Los Angeles voters in November 1992 through passage of Proposition M.

In addition to the ECCCS, the department utilizes numerous other information systems as part of its operations. Among the more mission-critical information systems is the Crime Mapping Database (CMDDB), a custom-designed software application used by the department's Crime Analysis Details. Another key system is the Automated Property Information Management System (APIMS), another custom-designed software application used to manage and track property and evidence. There is also an entire category of systems that manage and identify various records (e.g., criminal and fingerprint records). These include the Automated Fingerprint Identification System (AFIS), the Consolidated Criminal History Reporting System (CCHRS), the Integrated Crime and Arrest Reports System (ICARS), and the California Law Enforcement Telecommunications System (CLETS).

As is discussed in detail in the chapter "Information Technology Agency", in many cases it is not financially or technologically feasible to divide these integrated, highly customized information and communications systems into separate systems that both the Harbor City and the City of Los Angeles could operate independently. This is particularly true for the ECCCS system, but several other systems fall into this "non-divisible, non-duplicable" category as well. For this reason, this report assumes that the City of Los Angeles will provide the Harbor City with the necessary information and communications technology services under the terms of a contractual agreement.

#### D. Fiscal and Support Bureau

Because of the variety of functions it performs, the Fiscal and Support Bureau utilizes a wide variety of facilities, equipment, and other assets. This discussion focuses on the apportionment of the major assets associated with this Bureau. Four specific asset categories are discussed: (1) jails; (2) the vehicle fleet; (3) stored evidence and seized and donated property; and (4) equipment and facilities associated with the Bureau's Scientific Investigation Division.

The department operates nine Area Jails and three Regional Jails. Of these, one Area Jail is located in the Harbor (see table below). Under the proposed apportionment, the jail located in the Harbor would be transferred to the new Harbor City.

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#### **POLICE DEPARTMENT JAIL LOCATED IN THE HARBOR**

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| <u>Jail</u>      | <u>Address</u>                                                    |
|------------------|-------------------------------------------------------------------|
| Harbor Area Jail | 2175 S. John Gibson Blvd., San Pedro (Harbor Area Police Station) |

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One potential with respect to the transfer of jails is that the Harbor area would receive no jail facility equipped to book female arrestees. Currently, female arrestees from the Harbor area are transferred



to the 77<sup>th</sup> Street Regional Jail for booking. It is therefore possible that the new Harbor City might, at least in the short term, suffer from a shortage of facilities equipped to book female arrestees. If upon further study such a short-term shortage is anticipated, it is assumed in this report that the Harbor City and the City of Los Angeles would enter into an agreement for the sharing of jail facilities for female arrestees.

Another broad category of assets associated with the Fiscal and Support Bureau is the department's vehicle fleet. The department's vehicle fleet (excluding Air Support helicopters) consists of 4,040 vehicles categorized as patrol cars, hybrid patrol cars, plain cars, motorcycles, and miscellaneous vehicles (e.g., trucks, buses, vans). These vehicles are assigned both to the geographically distributed Operations Bureaus and to the department's central offices. There are also 22 automotive repair shops – one at each of the department's 17 Area Police Stations, and 5 located in the downtown Los Angeles area – that provide repair, maintenance, and other services to the fleet.

With respect to the department's 4,040 vehicles, 80 are assigned to the Harbor Bureau. Under the proposed apportionment, these vehicles would be transferred to the new Harbor City. It is also assumed that an additional 53 vehicles would be transferred to the Harbor. This would result in a total of 133 vehicles being transferred to the Harbor, which, at 3.3% of all vehicles, is consistent with the level of staffing that would be transferred to the Harbor.

With respect to the 22 automotive repair shops, 1 is located in the Harbor area. This shop would also be transferred to the new Harbor City. One issue with respect to repair shops is that as currently configured, the 1 Harbor auto repair shop can perform most routine repair and maintenance, but is unable to do specialized work such as vehicle modification, component rebuilding, and major auto body repairs. It is therefore assumed in this report that the Harbor would contract with the City of Los Angeles for specialized service for its Police Department vehicle fleet.

A third broad category of assets associated with the Fiscal and Support Bureau is evidence and property. Regarding evidence stored by the department, it is generally assumed that the Harbor would receive evidence relevant to matters that, subsequent to a special reorganization, would fall within its jurisdiction. With respect to property seized by or donated to the department, it is generally assumed that such property would be apportioned to the new Harbor City based on an apportionment similar to that of other assets, with 3.3% of such assets being transferred to the Harbor.

A fourth broad category of assets associated with the Fiscal and Support Bureau are those of the Bureau's Scientific Investigation Division (SID). SID provides specialized scientific and technical services for all forensic investigations. The Division's primary facility is the department Parker Center Headquarters (150 N. Los Angeles Street, Los Angeles), but it also has a Valley Unit with a facility in Van Nuys (6240 Sylmar Avenue). Given that the new Harbor City would not receive any SID facilities as part of the special reorganization, this report assumes that, subject to a contractual agreement, the City of Los Angeles will provide the Harbor with all SID-related services.

#### E. Human Resources

The major facilities and equipment associated with the Human Resources Bureau are the department's officer training facilities. Most department training occurs at two facilities: the Ahmanson Recruit Training Center in Westchester (5651 W. Manchester Ave.), and the Edward Davis Emergency Vehicle Operations Center and Firearms/Tactics Training Center in the Valley (12001 Blucher Ave., Granada Hills). The Ahmanson facility focuses on new recruit training, while the Davis facility provides training in driving skills, firearms, and tactics. Under the proposed apportionment it is assumed that a new Harbor City and the City of Los Angeles will form an agreement under which the Harbor can utilize these training facilities on an as needed basis.

#### Transition of Service to New City

It is assumed that the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to



provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

### Projected Expenditures

The Bureau's projected expenditures for fiscal year 2000-01 are roughly \$891.8 million. As shown in the table below, the majority of department expenditures (roughly 89%) are for staff salaries.

#### CITY OF LOS ANGELES – POLICE DEPARTMENT USES OF FUNDS

| <u>Uses of Funds</u>      | <u>2000-01<br/>Budget</u> |
|---------------------------|---------------------------|
| Expenditures:             |                           |
| Salaries                  | \$ 790,388,431            |
| Expenses                  | 36,076,908                |
| Equipment                 | 9,469,198                 |
| Interdepartmental Charges | 55,913,188                |
| <br>Total Expenditures    | <br>\$ 891,847,725        |

In estimating expenditures for the Police Department in the new Harbor City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Harbor with responsibility for Police Department services is estimated to require 447 positions throughout the entire planning period.

### Contractual Services

The department's fiscal year 2000-01 budget for contractual services is roughly \$8.4 million, virtually all of which is for information technology services. Given the assumption that the City of Los Angeles will provide the Harbor with information and communications technology services, these costs will not transfer to the Harbor City. As discussed above, however, this report assumes that the Harbor will contract with the City of Los Angeles for information technology services, for services related to the department's Scientific Investigation Division (SID), for services related to the Air Support Division (ASD), and for specialized fleet maintenance services. It is estimated that these contract services will cost the Harbor the equivalent of 38 civilian and 3 sworn police department positions, consisting of 27 information technology positions, 9 positions related to SID, 3 related to ASD (all of which are sworn), and 2 fleet-maintenance related positions. Given an average per-employee salary in the department of and an overhead ("CAP") rate of 43.43% for civilians and 94.5% for sworn positions,<sup>44</sup> the Harbor's annual contract cost for these services is estimated to be \$3.5 million.

### Projected Revenues

The ability of the new Harbor City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Police Department in the new Harbor City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the department are transferable to the Harbor.

The City of Los Angeles has historically funded the department primarily from the General Fund, but has also relied on several other sources of funds. The table below shows the department's sources of funds for fiscal year 2000-01.

<sup>44</sup> CAP Rate calculated using City of Los Angeles 2000-01 indirect cost rates for Police Department employees. The rate consists of the sum of the Fringe Benefit rate (25.69% civilian, 36.38% sworn), Central Services (15.23% civilian, 19.96% sworn), and Department Administration and Support (2.51% civilian, 38.18 sworn, field support rate).



**CITY OF LOS ANGELES – POLICE DEPARTMENT  
SOURCES OF FUNDS**

|                                                 | <b>2000-01</b>       |
|-------------------------------------------------|----------------------|
| <b><u>Sources of Funds</u></b>                  | <b><u>Budget</u></b> |
| City Funds:                                     |                      |
| General Fund                                    | \$ 849,356,139       |
| Traffic Safety Fund (4)                         | 1,679,254            |
| Local Public Safety Fund (34)                   | 22,220,000           |
| Local Law Enforcement Block Grant Fund (45)     | 10,155,332           |
| Supplemental Law Enforcement Services Fund (46) | 8,437,000            |
| <br>Total                                       | <br>\$ 891,847,725   |

It is assumed that each of the revenue sources above could be transferred to the new Harbor City based on the percentages shown on Table R-8 in Appendix II.

Another element of the new Harbor City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Police Department fiscal year 2000-01. Most of the Police Department receipts are associated with fees for services it provides, and these fees would likely be contributed to the Harbor City's general fund. It is therefore assumed that these revenues could be transferred to the new Harbor City based on the population in the Harbor.

**POLICE DEPARTMENT  
GENERAL FUND DEPARTMENTAL RECEIPTS**

|                                           | <b>2000-01</b>       |
|-------------------------------------------|----------------------|
| <b><u>Revenue Source</u></b>              | <b><u>Budget</u></b> |
| Other Licenses and Permits                | \$ 154,500           |
| Reimbursements from other Agencies        | 200,000              |
| Revenue from other Agencies               | 0                    |
| Other General Government Services         | 0                    |
| Special Police Department Services        | 12,883,861           |
| Quasi-External Transaction                | 8,100,000            |
| Other Current Service Charges             | 3,602,000            |
| Quasi-External Transaction                | 25,580,000           |
| Forfeitures and Penalties                 | 1,204,000            |
| Contributions from Non-Government Sources | 0                    |
| Miscellaneous Revenues                    | 740,000              |
| Reimbursements from other Funds           | 120,000              |
| Reimbursement – Grant Receipts            | 2,246,351            |
| Reimbursement from other Funds            | 0                    |
| Quasi-External Transaction                | 154,371              |
| Other Financing Sources                   | 0                    |
| Special                                   | 200,000              |
| <br>Total Police                          | <br>\$ 55,185,083    |



### **Public Works – Board of Public Works**

The Board of Public Works manages the Department of Public Works and is responsible for the department's seven Bureaus: Accounting, Contract Administration, Engineering, Management-Employee Services, Sanitation, Street Lighting, and Street Services.<sup>45</sup> Public Works is the only City department managed by a full-time policymaking board, which consists of five members appointed to five-year terms. In addition to its department-wide policymaking role, the Board receives bids and awards contracts, coordinates graffiti removal and neighborhood clean-ups, provides the department's public relations, and oversees the restoration of certain City landmarks.

### **Distribution of Service within City**

The Board has six downtown Los Angeles offices that house all its employees, with most employees located at its main office at 433 S. Spring Street. The only geographically dispersed service the Board provides is Operation Clean Sweep (OCS), which provides graffiti and litter removal services through contracts with 15 community-based organizations. Each organization is responsible for providing these services within a designated service area. (These services are discussed in greater detail in the "Contractual Services" subsection below.)

### **Proposed Apportionment**

The applicant's proposed apportionment seeks to provide the new Harbor City with responsibility for the services the Harbor currently receives from the Board of Public Works. Such an apportionment could be accomplished by transferring to the new Harbor City: (1) those department personnel that, as of fiscal year 2000-01, provide services to the Harbor; and (2) a proportionate share of the centralized assets used to provide operational and administrative support for Bureau services provided in the Harbor.

### **Transfer of City Personnel**

The number of Board staff that, as of fiscal year 2000-01, provided services to the Harbor can be estimated based on the current location of staff as well as the estimated workload and service needs in the Harbor. For fiscal year 2000-01 the Board has 63 budgeted positions, five of which are Board Commissioners. The Board is divided into 6 divisions, the functions of which are described in the table below.

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#### **PUBLIC WORKS – BOARD OF PUBLIC WORKS INTERNAL DIVISION FUNCTIONS**

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| <b><u>Division</u></b>       | <b><u>Function</u></b>                                                                                                             |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| Management                   | Provides overall department oversight and management.                                                                              |
| Project Restore              | Oversees restoration of City Hall and other cultural landmarks.                                                                    |
| Board Secretariat            | Organizes and administers Board Office functions, including preparing agendas for Board meetings, receives bids for projects, etc. |
| Office of Strategic Planning | Responsible for the department's continuous strategic planning process.                                                            |
| Operation Clean Sweep        | Coordinates citywide community clean-up and anti-graffiti efforts.                                                                 |
| Public Affairs Office        | Responsible for public relations, media information, and education programs that describe department activities.                   |

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Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each division providing service to the

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<sup>45</sup> Effective July 1, 2000, the number of Bureaus in the Department of Public Works was reduced from seven to six, consisting of five of the Bureaus that existed previously – Contract Administration, Engineering, Sanitation, Street Lighting, and Street Services – and a newly created Bureau of Finance and Human Services. This new Bureau, which is headed by the newly created position of Director of Public Works, subsumed the Bureaus of Accounting and Management-Employee Services. This report analyzes the department in terms of the prior 7-Bureau structure, but the analysis and results presented apply equally to the new 6-Bureau structure.



Harbor. As shown in the table below, it is estimated that a total of 1 position provides service to the Harbor. A special reorganization would thus result in 1 position, or roughly 1.7% of the Board's non-Commissioner staff, being transferred to the new Harbor City.

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**PUBLIC WORKS – BOARD OF PUBLIC WORKS  
ALLOCATION OF WORKLOAD AND PERSONNEL**

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| <u>Division</u>              | <u>Allocation Method</u>           | <u>Positions*</u> | <u>Harbor<br/>Allocation</u> |
|------------------------------|------------------------------------|-------------------|------------------------------|
| Management                   | Proportion of employees            | 5                 | 0                            |
| Project Restore              | Proportion of employees            | 2                 | 0                            |
| Board Secretariat            | Proportion of employees (adjusted) | 16                | 1                            |
| Office of Strategic Planning | Proportion of employees            | 4                 | 0                            |
| Operation Clean Sweep        | Proportion of employees            | 13                | 0                            |
| Public Affairs Office        | Proportion of employees            | 18                | 0                            |
| Total                        |                                    | 58                | 1                            |

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\*Positions per division based on the Board's 1999-00 organization chart. Discrepancies between the total number of budgeted positions in fiscal year 2000-01 and the number of positions shown on the organization chart were reconciled to match the budgeted number.

All positions in the Board are apportioned to the new Harbor City based on the proportion of employees in four separate Bureaus within the Department of Public Works – Engineering, Sanitation, Street Lighting, and Street Services – that are allocated to the Harbor, adjusted upward in the Board Secretariat division to create a viable apportionment. The logic of this apportionment is that the Board's workload is ultimately the result of the activities carried out by these four Bureaus. Thus the percentage of staff in these four Bureaus that provide services to the Harbor is a reasonable indicator of the percentage of Board staff providing services to the Harbor. The position transferred to the Harbor is from the Board Secretariat division because this division's relatively large number of staff compared to the department's other core divisions will likely minimize any negative service impacts such a transfer could have on the City of Los Angeles.

Sufficiency of Staff Apportioned to Harbor and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Board of Public Works do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the Bureau's 58 non-Commissioner positions, roughly 55.2% are professional/technical. The professional/technical positions consist of Analysts and various information systems personnel. The clerical/administrative category comprises roughly 41.4% of department staff. It includes Clerks, Laborers, and other support staff. Finally, roughly 3.5% of department staff are either upper management or highly specialized. These consist of Management positions. Given that only one position would be transferred to the Harbor, it would not be possible for the Harbor City to achieve a roughly similar mix of skills and experience among department staff received from the City of Los Angeles.



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**BOARD OF PUBLIC WORKS  
COMPOSITION OF WORKFORCE**

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| <u>Category</u>         | <u>Positions</u> | <u>Percent of<br/>Total</u> |
|-------------------------|------------------|-----------------------------|
| Professional/Technical  | 32               | 55.2%                       |
| Clerical/Administrative | 24               | 41.4%                       |
| Management/Specialists  | 2                | 3.5%                        |
|                         | —                |                             |
| Total                   | 58               |                             |

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Because a new Harbor City department would be apportioned just 1 position, the department would have to hire additional staff or make various organizational modifications to be able to provide the full range of services the department currently provides in the City of Los Angeles. For the purposes of this report, it is assumed that the Harbor would alter this department's organizational structure and functional responsibilities to adjust to any staffing constraints.

Transfer of Equipment and Facilities

All Board facilities are located in downtown Los Angeles, and therefore no facilities would be transferred to the new Harbor City.

Transition of Service to New City

It is assumed the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

**Projected Expenditures**

The Board of Public Works' budgeted expenditures for fiscal year 2000-01 are roughly \$9.0 million. As shown in the table below, salaries and expenses constitute most of the Bureau's expenditures.

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**CITY OF LOS ANGELES – BOARD OF PUBLIC WORKS  
USES OF FUNDS**

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| <u>Uses of Funds</u>                        | <u>2000-01<br/>Budget</u> |
|---------------------------------------------|---------------------------|
| Expenditures:                               |                           |
| Salaries                                    | \$ 3,745,133              |
| Expenses                                    | 4,010,442                 |
| Equipment                                   | 41,900                    |
| Special (Nuisance Alley Conversion Project) | 1,075,000                 |
| Interdepartmental Charges                   | 96,180                    |
|                                             | —                         |
| Total Expenditures                          | \$ 8,968,655              |

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In estimating expenditures for the Board of Public Works in the new Harbor City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Harbor with responsibility for the services it receives from the Board is estimated to require 1 non-Commissioner position throughout the entire planning period.



### Contractual Services

The Board's fiscal year 2000-01 budget for contractual services is \$3.5 million. For that fiscal year, the only service for which the Board contracted for services was graffiti removal. It is assumed that the new Harbor City will require similar contract services, and that the costs of these contract services can be estimated based on the percentage of Bureau staff providing services to the Harbor (1.7%, as calculated above).

### **Projected Revenues**

The ability of the new Harbor City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Board of Public Works in the new Harbor City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the Board are transferable to the Harbor.

The City of Los Angeles has historically funded the Bureau primarily from the General Fund, but has also relied on several other funding sources. The table below shows the department's sources of funds for fiscal year 2000-01.

#### **CITY OF LOS ANGELES – BOARD OF PUBLIC WORKS SOURCES OF FUNDS**

| <u>Sources of Funds</u>                       | <u>2000-01<br/>Budget</u> |
|-----------------------------------------------|---------------------------|
| City Funds:                                   |                           |
| General Fund                                  | \$ 6,646,531              |
| Stormwater Pollution Abatement Fund (7)       | 116,020                   |
| Community Development Trust Fund (8)          | 1,299,740                 |
| Sewer Construction and Maintenance Fund (14)  | 842,707                   |
| Street Light Maintenance Assessment Fund (19) | 63,657                    |
| Total                                         | \$ 8,968,655              |

In addition to the City's General Fund, the City has budgeted funding for the Board from certain Special Purpose Funds. As further discussed in section "Transfer of Revenue," the City's Special Purpose Funds account for the use of funds that are restricted to specified purposes. For example, the Stormwater Pollution Abatement Fund accounts for revenue from the Stormwater Pollution Abatement Charge, which must be used for stormwater-related activities. Because it has been assumed in this report that the proposed Harbor City would not obtain control of the City's sewer system upon a special reorganization, the Harbor City would not need to create its own Sewer Construction and Maintenance Fund. This is because with the Harbor City being a contractor to the regional sewer and stormwater systems, the Harbor City Board would not incur reimbursable sewer related costs.

With the exception of the Sewer Construction and Maintenance Fund, it is assumed that all other special purpose fund revenue sources could be transferred to the Harbor based on the percentages shown on Table R-8 in Appendix II of this report.

Another element of the new Harbor City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Board of Public Works in fiscal year 2000-01. It is assumed



that each of these sources of receipts generated by the Board (excluding related costs charged to the SCM Fund) will be available to the new Harbor City.

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**BOARD OF PUBLIC WORKS  
GENERAL FUND DEPARTMENTAL RECEIPTS**

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| <u>Revenue Source</u>              | <u>2000-01<br/>Budget</u> |
|------------------------------------|---------------------------|
| Other Licenses and Permits         | \$0                       |
| Other State Grants/Agreements      | 0                         |
| Reimbursements from other Agencies | 0                         |
| Other General Government Services  | 25,000                    |
| Miscellaneous Revenues             | 7,000                     |
| Reimbursement from other Funds     | 955,911                   |
| Other Financing Sources            | 0                         |
| <b>Total Public Works</b>          | <b>\$ 987,911</b>         |

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## **Public Works – Bureau of Accounting**

The Bureau of Accounting provides accounting and financial services that support the operations of the Department of Public Works. The Bureau's services include general and cost accounting, special fund and project accounting, the processing of various fees, and the development and implementation of accounting and financial information systems.

### **Distribution of Service within City**

The Bureau's activities can be divided into two categories: (1) indirect (i.e., internal support) services for the Department of Public Works; and (2) direct services to the public for Public Works-related billing and payments.

Most of the Bureau's activities take the form of indirect services: i.e., providing accounting and financial services that support the operations of the Department of Public Works. This includes such services as payroll, cost accounting, special funds accounting, and accrual accounting for the City's Sewer Construction and Maintenance Fund. The Bureau provides these indirect services from seven offices, six of which are located in downtown Los Angeles (Bureau headquarters are at 316 W. 2<sup>nd</sup> Street). The Bureau's only non-downtown office is within the Hyperion Wastewater Treatment Plant facility, located at 12000 Vista Del Mar, Playa Del Rey.

The Bureau also provides some direct services to the public, primarily from its downtown headquarters at 316 W. 2<sup>nd</sup> Street. These services include processing of payments owed by Public Works to vendors and service providers, processing bills owed the City for services provided by Public Works, and industrial waste billings.

### **Proposed Apportionment**

The proposed apportionment seeks to provide the new Harbor City with responsibility for the services the Harbor currently receives from the Bureau of Accounting. Such an apportionment could be accomplished by transferring to the new Harbor City: (1) those department personnel that, as of fiscal year 2000-01, provide services to the Harbor; and (2) a proportionate share of the centralized assets used to provide operational and administrative support for Bureau services provided in the Harbor.

### **Transfer of City Personnel**

The number of Bureau staff that, as of fiscal year 2000-01, provide services to the Harbor can be estimated based on the current location of staff as well as the estimated workload and service needs in the Harbor. For fiscal year 2000-01 the Bureau has 84 budgeted positions. The Bureau is divided into 7 divisions, the functions of which are described in the table below.



**PUBLIC WORKS – BUREAU OF ACCOUNTING  
INTERNAL DIVISION FUNCTIONS**

| <u>Division</u>                                  | <u>Function</u>                                                                                                                                                                                                            |
|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Management                                       | Responsible for Bureau-wide management and oversight.                                                                                                                                                                      |
| Cost Accounting                                  | Responsible for calculating the costs of services rendered by all Bureaus.                                                                                                                                                 |
| General Accounting                               | Responsible for payroll, accounts receivable, accounts payable, and budgetary accounting.                                                                                                                                  |
| Special Funds and Projects                       | Performs budgetary and accounting functions for the Sewer Construction and Maintenance Fund, the Gas Tax, and various other special funds.                                                                                 |
| Systems                                          | Responsible for Department-wide financial and cost accounting systems.                                                                                                                                                     |
| Sewer Construction & Maintenance Fund Accounting | Performs accounting functions necessary to maintain the Sewer Construction and Maintenance Fund on an enterprise accounting basis; also prepares billings to contractual agencies for shared use of City sewer facilities. |
| Administrative Services                          | Provides administrative and clerical support to the Bureau, including budgeting, workload analysis, and work programs.                                                                                                     |

Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each division providing service to the Harbor. As shown in the table below, it is estimated that a total of 2 positions provide service to the Harbor. A special reorganization would thus result in 2 positions, or roughly 2.4% of the Bureau's staff, being transferred to the new Harbor City.

**PUBLIC WORKS – BUREAU OF ACCOUNTING  
ALLOCATION OF WORKLOAD AND PERSONNEL**

| <u>Division</u>                                  | <u>Allocation Method</u> | <u>Positions*</u> | <u>Harbor Allocation</u> |
|--------------------------------------------------|--------------------------|-------------------|--------------------------|
| Management                                       | Proportion of employees  | 5                 | 0                        |
| Cost Accounting                                  | Proportion of employees  | 14                | 1                        |
| General Accounting                               | Proportion of employees  | 29                | 1                        |
| Special Funds and Projects                       | Proportion of employees  | 19                | 0                        |
| Systems                                          | Proportion of employees  | 9                 | 0                        |
| Sewer Construction & Maintenance Fund Accounting | Proportion of employees  | 7                 | 0                        |
| Administrative Services                          | Proportion of employees  | 1                 | 0                        |
| Total                                            |                          | 84                | 2                        |

\*Positions per division based on the Bureau's 1999-00 organization chart. Discrepancies between the total number of budgeted positions for fiscal year 2000-01 and the number of positions shown on the organization chart were reconciled to match the budgeted number.

All positions in the Bureau are apportioned to the new Harbor City based on the proportion of employees in four other Bureaus within the Department of Public Works – Engineering, Sanitation, Street Lighting, and Street Services – that are allocated to the Harbor. The logic of this apportionment is that the Bureau of Accounting's workload is ultimately the result of the activities carried out by these



four Bureaus. Thus the percentage of staff in these four Bureaus that provide services to the Harbor is a reasonable indicator of the percentage of Bureau of Accounting staff providing services to the Harbor.

#### Sufficiency of Staff Apportioned to Harbor and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Bureau of Accounting do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the Bureau's 84 positions, roughly 62.4% are professional/technical. The professional/technical positions consist of Accountants and Analysts. The clerical/administrative category comprises roughly 35.3% of department staff. It includes Clerks, Secretaries, and other support staff. Finally, roughly 2.3% of department staff are either upper management or highly specialized. Given that only 2 positions would be transferred to the Harbor, it would not be possible for the Harbor City to achieve a roughly similar mix of skills and experience among department staff received from the City of Los Angeles.

| <b>BUREAU OF ACCOUNTING<br/>COMPOSITION OF WORKFORCE</b> |                         |                                    |
|----------------------------------------------------------|-------------------------|------------------------------------|
| <b><u>Category</u></b>                                   | <b><u>Positions</u></b> | <b><u>Percent of<br/>Total</u></b> |
| Professional/Technical                                   | 52                      | 62.4%                              |
| Clerical/Administrative                                  | 30                      | 35.3%                              |
| Management/Specialists                                   | 2                       | 2.3%                               |
| Total                                                    | 84                      |                                    |

Because a new Harbor City department would be apportioned just 2 positions, the department would have to hire additional staff or make various organizational modifications to be able to provide the full range of services the department currently provides in the City of Los Angeles. For the purposes of this report, it is assumed that the Harbor would alter this department's organizational structure and functional responsibilities to adjust to any staffing constraints.

#### Transfer of Equipment and Facilities

As discussed above, no Bureau facilities are located in the Harbor. Also, the Bureau has no special assets or equipment. Thus no facilities or special equipment would be apportioned to the new Harbor City.

#### Transition of Service to New City

It is assumed the City could transfer all required staffing necessary for the Board of Accounting to functionally within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

#### **Projected Expenditures**

The Bureau of Accounting's projected expenditures for fiscal year 2000-01 are roughly \$4.2 million. As shown in the table below, salaries constitute most (over 94%) of the Bureau's expenditures.



**CITY OF LOS ANGELES – BUREAU OF ACCOUNTING  
USES OF FUNDS**

| <u>Uses of Funds</u>      | <u>2000-01<br/>Budget</u> |
|---------------------------|---------------------------|
| Expenditures:             |                           |
| Salaries                  | \$ 3,956,809              |
| Expenses                  | 114,140                   |
| Equipment                 | 41,460                    |
| Interdepartmental Charges | 73,739                    |
| <br>Total Expenditures    | <br>\$ 4,186,148          |

In estimating expenditures for the Bureau of Accounting in the new Harbor City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Harbor with responsibility for the services it receives from the Board is estimated to require 2 positions throughout the entire planning period.

**Contractual Services**

During fiscal year 2000-01, the Bureau of Accounting did not purchase any significant contract services

**Projected Revenues**

The ability of the new Harbor City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Bureau of Accounting in the new Harbor City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the Bureau are transferable to the Harbor.

The City of Los Angeles has historically funded the Bureau primarily from the General Fund and the Sewer Construction & Maintenance Fund, but has also relied on several other funding sources. The table below shows the department's sources of funds for fiscal year 2000-01.

**CITY OF LOS ANGELES – BUREAU OF ACCOUNTING  
SOURCES OF FUNDS**

| <u>Sources of Funds</u>                       | <u>2000-01<br/>Budget</u> |
|-----------------------------------------------|---------------------------|
| City Funds:                                   |                           |
| General Fund                                  | \$ 2,063,393              |
| Stormwater Pollution Abatement Fund (7)       | 74,495                    |
| Sewer Construction and Maintenance Fund (14)  | 1,859,844                 |
| Street Light Maintenance Assessment Fund (19) | 139,398                   |
| Prop. C Anti-Gridlock Transit Fund (27)       | 49,018                    |
| <br>Total                                     | <br>\$ 4,186,148          |

In addition to the City's General Fund, the City has budgeted funding for the Board from certain Special Purpose Funds. As further discussed in section "Transfer of Revenue," the City's Special Purpose Funds account for the use of funds that are restricted to specified purposes. For example, the Stormwater Pollution Abatement Fund accounts for revenue from the Stormwater Pollution Abatement Charge, which must be used for stormwater-related activities. Because it has been assumed in this report that the proposed Harbor City would not obtain control of the City's sewer



system upon a special reorganization, the Harbor City would not need to create its own Sewer Construction and Maintenance Fund. This does not mean the Harbor City would fund its Bureau of Accounting disproportionate to its general fund, only that as a contractor to the regional system, the Harbor City Bureau would not incur reimbursable sewer related costs.

For the Bureau's remaining sources of funds, it is assumed these funds can be transferred to the new Harbor City, at a level based on the percentages shown on Table R-8 in Appendix II of this report.

Another element of the new Harbor City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Bureau of Accounting in fiscal year 2000-01. It is assumed that each of these sources of receipts generated by the Bureau (excluding related costs charged to the SCM Fund) will be available to the new Harbor City.

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**BUREAU OF ACCOUNTING  
GENERAL FUND DEPARTMENTAL RECEIPTS**

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| <u>Revenue Source</u>                 | <u>2000-01<br/>Budget</u> |
|---------------------------------------|---------------------------|
| Assessments                           | \$0                       |
| Street and Curb Permits               | 0                         |
| Other Licenses and Permits            | 0                         |
| Other General Government Services     | 176,000                   |
| Engineering Inspection Other Services | 0                         |
| Miscellaneous Revenues                | 1,000                     |
| Reimbursement from Other Funds        | 1,499,757                 |
| <br>Total Accounting                  | <br>\$ 1,676,757          |

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### **Public Works – Contract Administration**

The Bureau of Contract Administration inspects the City's public works projects. This includes inspecting the materials and construction of all projects within the public right-of-way within the City of Los Angeles. The Bureau also administers contracts and permits related to construction of public works, and ensures that projects comply with state and local work performance laws (e.g., plan specification laws, affirmative action, and prevailing wage).

### **Distribution of Service within City**

The Bureau provides indirect services only, supporting the operations of the Department of Public Works and providing limited support for several other City departments. To deliver these services, the Bureau divides the City geographically into two regions: "Harbor" and "Metro." These two regions are further subdivided into 10 "Districts," two of which are in the "Harbor" region. The boundaries of the "Harbor" region conform closely to the boundaries of the Harbor special reorganization area, although the Bureau's "Harbor" region is somewhat larger.

The Bureau carries out its activities from seven offices throughout Los Angeles, with its headquarters located downtown at 600 S. Spring Street. District 1, which is the Harbor District, is located at 638 Beacon Street, San Pedro.

### **Proposed Apportionment**

The Applicant's proposed apportionment seeks to provide the new Harbor City with responsibility for the services the Harbor currently receives from the Bureau of Contract Administration. Such an apportionment could be accomplished by transferring to the new Harbor City: (1) those department personnel that, as of fiscal year 2000-01, provide services to the Harbor; and (2) a proportionate share of the centralized assets used to provide operational and administrative support for Bureau services provided in the Harbor.

### **Transfer of City Personnel**

The number of Bureau staff that, as of fiscal year 2000-01, provided services to the Harbor can be estimated based on the current location of staff as well as the estimated workload and service needs in the Harbor. For fiscal year 2000-01 the Bureau has 331 budgeted positions. It is divided into 8 divisions, the functions of which are described in the table below.



**PUBLIC WORKS – BUREAU OF CONTRACT ADMINISTRATION  
INTERNAL DIVISION FUNCTIONS**

| <u>Division</u>                     | <u>Function</u>                                                                                                                                    |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| Management                          | Responsible for Bureau-wide management and oversight.                                                                                              |
| Environmental Projects Construction | Administers and inspects activities on City wastewater construction projects.                                                                      |
| Metro Construction                  | Performs contract administration and inspection for construction projects in the Los Angeles metropolitan area.                                    |
| Valley Construction Division        | Performs contract administration and inspection for construction projects in the northern portion of the City (e.g. the Valley and Griffith Park). |
| Special Construction Division       | Responsible for specialized construction inspection activities throughout the City.                                                                |
| General Services                    | Provides specialized construction inspection and control services for construction operations.                                                     |
| Office of Contract Compliance       | Monitors contract compliance on City projects with respect to affirmative action, prevailing wage rates, and other requirements.                   |
| Administrative Services             | Provides information systems and clerical support, and is responsible for several administrative and budgetary functions.                          |

Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each division providing service to the Harbor. As shown in the table below, it is estimated that a total of 11 positions provide service to the Harbor. A special reorganization would thus result in 11 positions, or roughly 3.32% of the Board's staff, being transferred to the new Harbor City.

**PUBLIC WORKS – BUREAU OF CONTRACT ADMINISTRATION  
ALLOCATION OF WORKLOAD AND PERSONNEL**

| <u>Division</u>                     | <u>Allocation Method</u> | <u>Positions*</u> | <u>Harbor Allocation</u> |
|-------------------------------------|--------------------------|-------------------|--------------------------|
| Management                          | Proportion of employees  | 6                 | 0                        |
| Environmental Projects Construction | Proportion of employees  | 49                | 1                        |
| Metro Construction                  | Location of employees    | 45                | 6                        |
| Valley Construction Division        | Location of employees    | 53                | 0                        |
| Special Construction Division       | Proportion of employees  | 51                | 1                        |
| General Services                    | Proportion of employees  | 59                | 1                        |
| Office of Contract Compliance       | Proportion of employees  | 39                | 1                        |
| Administrative Services             | Proportion of employees  | 29                | 1                        |
| Total                               |                          | 331               | 11                       |

\*Positions per division based on the Bureau's 1999-00 organization chart. Discrepancies between the total number of budgeted positions and the number of positions shown on the organization chart were reconciled to match the budgeted number.

The methodology used to estimate the number of positions providing service to the Harbor is as follows. For positions in two divisions – Valley Construction and Metro Construction – the apportionment method is based on the geographic service area to which the positions are assigned.



The Metro Construction region includes the Harbor District, which is one of six Districts in the department's Metro region. To estimate the number of positions providing service to the Harbor special reorganization area, two assumptions are made. First, that staff resources are distributed equally across the Metro region's six Districts, and thus one-sixth (16.7%) of staff are assigned to the Harbor District. And second, that roughly 75% of the staff resources assigned to the Harbor District provide services specifically to the Harbor special reorganization area. This second assumption is made because the Harbor special reorganization area comprises roughly 75% of the land area of the department's Harbor District, and it is assumed that staff are deployed proportionately across the District.

For the positions in the Bureau's remaining divisions, the apportionment is based on the proportion of employees in four other Bureaus within the Department of Public Works – Engineering, Sanitation, Street Lighting, and Street Services – that are allocated to the Harbor. The logic of this apportionment is that the Bureau of Contract Administration workload is ultimately the result of the activities carried out by these four Bureaus. Thus the percentage of staff in these four Bureaus that provide services to the Harbor is a reasonable indicator of the percentage of Bureau of Contract Administration staff providing services to the Harbor.

#### Sufficiency of Staff Apportioned to Harbor and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Bureau of Contract Administration do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the Bureau's 331 positions, roughly 86.4% are professional/technical. The professional/technical positions consist largely of Inspectors and Analysts. The clerical/administrative category comprises roughly 11.5% of department staff. It includes Clerks, Secretaries, and various Aides. Finally, roughly 2.1% of department staff are either upper management or highly specialized. These consist of Chief Inspectors and an Assistant Director.

To achieve, at least in percentage terms, a roughly similar mix of skills and experience among department staff in the new Harbor City, the 11 positions apportioned to the Harbor would consist of the following: 9 professional/technical, 1 clerical/administrative, and 1 specialist/management. Given its current mix of position categories, the Bureau appears to contain sufficient staff in each category to allow for such a transfer.

#### **BUREAU OF CONTRACT ADMINISTRATION COMPOSITION OF WORKFORCE**

| <u>Category</u>         | <u>Positions</u> | <u>Percent of</u> |
|-------------------------|------------------|-------------------|
|                         |                  | <u>Total</u>      |
| Professional/Technical  | 286              | 86.4%             |
| Clerical/Administrative | 38               | 11.5%             |
| Management/Specialists  | 7                | 2.1%              |
| Total                   | 331              |                   |

#### Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Harbor City the facilities, equipment and other assets used by the Bureau to provide services to the Harbor. This would include: (1) the Bureau's facility located in the Harbor, as well as the equipment and other assets located at this facility; and (2) a proportionate share of all centralized assets used to provide services to the Harbor.



The table below lists the Bureau facility located in the Harbor that would be apportioned to the new Harbor City.

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**BUREAU OF CONTRACT ADMINISTRATION  
FACILITIES LOCATED IN THE HARBOR**

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| <u>Facility</u> | <u>Facility Address</u>            | <u>Service Areas</u> |
|-----------------|------------------------------------|----------------------|
| District 1      | 638 Beacon Street, San Pedro 90731 | Harbor area          |

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The Bureau has no other special physical assets that would be apportioned to the Harbor.

Transition of Service to New City

It is assumed the City could transfer all required staffing necessary to functionally operate the Office of Contract Compliance and the Harbor District portion of the Metro Construction Division within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

**Projected Expenditures**

The Bureau of Contract Administration's projected expenditures for fiscal year 2000-01 are roughly \$23.8 million. As shown in the table below, salaries constitute most (roughly 93%) of the Bureau's expenditures.

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**CITY OF LOS ANGELES – BUREAU OF CONTRACT  
ADMINISTRATION  
USES OF FUNDS**

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| <u>Uses of Funds</u>      | <u>2000-01<br/>Budget</u> |
|---------------------------|---------------------------|
| Expenditures:             |                           |
| Salaries                  | \$ 22,118,303             |
| Expenses                  | 1,159,224                 |
| Equipment                 | 136,350                   |
| Interdepartmental Charges | 414,528                   |
| Total Expenditures        | \$ 23,828,405             |

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In estimating expenditures for the Bureau of Contract Administration in the new Harbor City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Harbor with responsibility for the services it receives from the Bureau is estimated to require 11 positions throughout the entire planning period.

Contractual Services

During fiscal year 2000-01, the Bureau of Contract Services did not purchase any significant contract services.

Departmental Start-Up Costs

The Bureau would require the provision of office space, and would need to be incorporated in the new city's payroll, accounting, and information systems. The overall planning for the start-up of the department would also require interim, dedicated staff or consultant resources. These base start-up costs, which are expected to be incurred by almost all functions transferring to the new city, are accounted for in section "Start-Up Costs."



### Projected Revenues

The ability of the new Harbor City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Bureau of Contract Administration in the new Harbor City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the Bureau are transferable to the Harbor.

The City of Los Angeles has historically funded the Bureau primarily from the General Fund and the Sewer Construction & Maintenance Fund, but has also relied on several other funding sources. The table below shows the department's sources of funds for fiscal year 2000-01.

#### **CITY OF LOS ANGELES – BUREAU OF CONTRACT ADMINISTRATION SOURCES OF FUNDS**

| <u>Sources of Funds</u>                       | <u>2000-01<br/>Budget</u> |
|-----------------------------------------------|---------------------------|
| City Funds:                                   |                           |
| General Fund                                  | \$ 16,276,238             |
| Special Gas Tax Street Improvement Fund (5)   | 560,000                   |
| Stormwater Pollution Abatement Fund (7)       | 239,151                   |
| Sewer Construction and Maintenance Fund (14)  | 6,115,915                 |
| Street Light Maintenance Assessment Fund (19) | 365,292                   |
| Prop. C Anti-Gridlock Transit Fund (27)       | 271,809                   |
| Total                                         | \$ 23,828,405             |

In addition to the City's General Fund, the City has budgeted funding for the Board from certain Special Purpose Funds. As further discussed in section "Transfer of Revenue," the City's Special Purpose Funds account for the use of funds that are restricted to specified purposes. For example, the Stormwater Pollution Abatement Fund accounts for revenue from the Stormwater Pollution Abatement Charge, which must be used for stormwater-related activities. Because it has been assumed in this report that the proposed Harbor City would not obtain control of the City's sewer system upon a special reorganization, the Harbor City would not need to create its own Sewer Construction and Maintenance Fund. This does not mean the Harbor City would fund its Bureau of Contract Administration disproportionate to its general fund, only that as a contractor to the regional system, the Harbor City Bureau would not incur reimbursable sewer related costs.

For the Bureau's remaining sources of funds, it is assumed that these funds can be transferred to the new Harbor City, at a level based on the percentages shown on Table R-8 in Appendix II.

Another element of the new Harbor City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Bureau of Contract Administration in fiscal year 2000-01. It is assumed that the sources of receipts associated with related costs of the Bureau will be available to the new Harbor City, at a level that can be estimated based on the percentage of staff citywide that would transfer to the Harbor City.



**BUREAU OF CONTRACT ADMINISTRATION  
GENERAL FUND DEPARTMENTAL RECEIPTS**

| <b><u>Revenue Source</u></b>                | <b>2000-01<br/><u>Budget</u></b> |
|---------------------------------------------|----------------------------------|
| Construction Permits                        | \$0                              |
| Streets and Curb Permits                    | 2,400,000                        |
| Other State Grants/Agreements               | 0                                |
| Other County Grants/Agreements              | 0                                |
| Reimbursement from other Agencies           | 761,500                          |
| Engineering Fees Inspections Other Services | 659,167                          |
| Transit Shelter Income                      | 0                                |
| Quasi-External Transaction                  | 5,575,697                        |
| Other Current Service Charges               | 9,500                            |
| Forfeitures and Penalties                   | 5,000                            |
| Miscellaneous Revenues                      | 0                                |
| Reimbursement from other Funds              | 4,753,968                        |
| Other Financing Sources                     | 0                                |
| <b>Total Contract Administration</b>        | <b>\$ 14,164,832</b>             |



## **Public Works – Bureau of Engineering**

The Bureau of Engineering provides engineering services for City public works projects. It also provides engineering-related assistance and project oversight on private development projects that affect public right-of-ways or public facilities.

### **Distribution of Service within City**

In describing where and how the Bureau delivers services, it is useful to divide its activities into two categories: (1) indirect support services that include the design, construction and oversight of public works projects such as public buildings, wastewater and stormwater facilities, and City streets; and (2) direct services to the public in the form of issuing permits and checking plans related to private development projects that affect public right-of-ways and public facilities.

The Bureau's indirect support functions include a wide range of engineering services performed primarily to support the activities of other bureaus within the Public Works Department or other City departments. Within Public Works, the Bureau designs and constructs the City's major sewer rehabilitation and replacement projects, flood control Capital Improvement Program (CIP) projects, and street CIP projects. In projects supporting the operations of other City departments, the bureau is taking a lead role in providing engineering services on major construction and rehabilitation projects involving the City's libraries, police facilities, zoo facilities, and Proposition K-funded recreational facilities.

To carry out these indirect support functions, the Bureau divides the City geographically into four "Districts": Metro, Valley, West Los Angeles, and Harbor. The Bureau's "Harbor" District encompasses the Harbor special reorganization area, with the Harbor special reorganization area comprising roughly 75% of the Harbor District's land area. The Bureau deploys staff at numerous offices citywide within each of these districts. Most staff providing indirect support services are based in downtown Los Angeles offices, particularly in the Bureau's headquarters located at 650 S. Spring Street. The Bureau's sole office in the Harbor, the Harbor District Office located at 638 S. Beacon Street, San Pedro, also houses staff that provide indirect support services.

The direct services the Bureau provides to the public include issuing permits and plan checking for private development projects that either extend into public right-of-ways or affect public infrastructure. Examples of such projects include the installation of sewers and storm drains, the excavation of public property, and the modification of streets or sidewalks. The Bureau delivers these direct services through numerous "Public Counters" where the public meets directly with Bureau personnel. These Public Counters are located both at several of the Bureau's primary downtown offices and at each of its district offices, including the Harbor District Office in San Pedro.

### **Proposed Apportionment**

The proposed apportionment seeks to provide the new Harbor City with responsibility for the services the Harbor currently receives from the Bureau of Engineering. Such an apportionment could be accomplished by transferring to the new Harbor City: (1) those department personnel that, as of fiscal year 2000-01, provide services to the Harbor, with the exception of personnel whose functions involve the City's wastewater system (It is anticipated that all wastewater related personnel will remain with the City of Los Angeles. See chapter "Bureau of Sanitation" for discussion of the proposed arrangement for providing wastewater services to the Harbor.); (2) the Harbor District Office facility in San Pedro, and any equipment or other assets located at this facility; and (3) a proportionate share of the centralized assets used to provide operational and administrative support for Bureau services provided in the Harbor.

### **Transfer of City Personnel**

The number of department staff that, as of fiscal year 2000-01, provide services to the Harbor can be estimated based on the current location of staff as well as the estimated workload and service needs in the Harbor. For fiscal year 2000-01 the Bureau has 976 budgeted positions. It is divided into 7 divisions, the functions of which are described in the table below.



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**PUBLIC WORKS – BUREAU OF ENGINEERING  
INTERNAL DIVISION FUNCTIONS**

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| <u>Division</u>                        | <u>Function</u>                                                                                                                                                                                                             |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Management                             | Provides overall oversight and management of the Bureau.                                                                                                                                                                    |
| Bond Program                           | Responsible for managing the seismic rehabilitation of City Hall, rehabilitation and construction of City libraries, rehabilitation of Los Angeles Zoo, rehabilitation of police facilities, and for Seismic Bond projects. |
| Wastewater Program                     | Responsible for design, construction management, and project management related to City sewer system and facilities.                                                                                                        |
| Street Stormwater Program              | Responsible for design, construction management, and project management related to City stormwater and flood control projects and facilities.                                                                               |
| A/E Consulting Services Program        | Provides engineering consulting services to other design offices within the Bureau and to other City departments.                                                                                                           |
| Constituent Services & Permits Program | Responsible for issuing construction-related permits for projects in public right of ways; provides various engineering services to various geographic areas throughout City.                                               |
| Finance and Administration Program     | Responsible for Bureau's budget, human resources, information systems, and various other support services.                                                                                                                  |

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As discussed above, it is envisioned that all of the Bureau's wastewater personnel would remain within the City of Los Angeles. Thus the estimate of the number of employees providing services to the Harbor does not include positions from the Wastewater Program divisions. For the other divisions in the Bureau, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Harbor. As shown in the table below, it is estimated that a total of 40 positions provide service to the Harbor. A special reorganization would thus result in 40 positions, or roughly 4.1% of the department's staff, being transferred to the new Harbor City.



**PUBLIC WORKS – BUREAU OF ENGINEERING  
ALLOCATION OF WORKLOAD AND PERSONNEL**

| <u>Division</u>                        | <u>Allocation Method</u>                      | <u>Positions*</u> | <u>Harbor Allocation</u> |
|----------------------------------------|-----------------------------------------------|-------------------|--------------------------|
| Management                             | Proportion of employees                       | 11                | 0                        |
| Bond Program                           | Location of projects/Proportion of employees  | 74                | 2                        |
| Wastewater Program                     | Staff not transferred                         | 224               | 0                        |
| Street Stormwater Program              | SPAC revenue distribution                     | 53                | 2                        |
| Constituent Services & Permits Program | Location of employees/Proportion of employees | 212               | 20                       |
| A/E Consulting Services Program        | Proportion of employees                       | 291               | 12                       |
| Finance and Administration Program     | Proportion of employees                       | 111               | 4                        |
| Total                                  |                                               | 976               | 40                       |

\* Positions per division based on the Bureau's 2000-01 organization chart. Discrepancies between the total number of budgeted positions in 2000-01 and the number of positions shown on the organization chart were reconciled to match the budgeted number.

The methodology used to estimate the number of positions providing service to the Harbor is as follows. For the Bond Program division, two separate methodologies are used for two differing types of staff positions. The first are those positions assigned to an intra-division group responsible for specific facilities. These facility-specific groups include the following: City Hall Seismic Rehabilitation, Library Facilities Program, Police Facilities Group, Zoo Facilities Group, and Seismic Bond Group. For these positions, the apportionment method is based on the geographic location of projects: specifically, the percentage of all Municipal Facilities Engineering Program projects located in the Harbor.<sup>46</sup> For example, of the 257 Seismic/FEMA funded projects listed in the Municipal Facilities Program, 22, or 8.6%, are located in the Harbor. It is therefore estimated that 8.6% of the staff positions in the Seismic Bond group provide services to the Harbor, and these positions are apportioned to the new Harbor City. The same apportionment logic is applied to each of the facility-specific groups within the Bond Program.

A different apportionment methodology is applied to positions in the Bond Program not assigned to projects on specific facilities. These positions, which are associated with overall division management, are apportioned to the new Harbor City on a "proportion of employees" basis by applying the percentage of facility-specific positions (2.7%) as calculated above. The logic of this apportionment is that the Bond Program's management positions primarily support the division's operations, which consist of the facility-specific groups listed above providing engineering services. Since 2.7% of all facility-specific positions provide services to the Harbor, it is estimated that the same percentage of the division's management-related positions provides services to the Harbor.

Like the Bond Program division, the Constituent Services and Permit Program division also consists of two groups of positions that require separate apportionment methodologies. The first group consists of "geographically distributed" positions, which are those assigned to offices that serve a particular geographic area of the City. As of fiscal year 1999-00, a total of 127 positions fall into this category.

<sup>46</sup> The Municipal Facilities Engineering Program is responsible for the design of all capital improvements to buildings and parking lots that fall under the jurisdiction of Council Controlled Departments, with the exception of wastewater facilities.



Of these positions, 12, or 9.2%, are assigned to the Harbor District Office. Because these 12 positions are located in and serve the Harbor, they are apportioned to the new Harbor City.

The second group consists of positions either located in downtown offices or assigned to units that serve the entire City. For these “non-distributed” positions, “proportion of employees” is the apportionment basis; it is calculated by multiplying the percentage of all geographically distributed positions estimated to serve the Harbor (9.2%, as calculated above) by the number of non-distributed positions (85). This totals 8 positions. These 8 positions are added to the 12 positions already apportioned, for a total of 20 positions apportioned to the new Harbor City. The logic of this apportionment is that the percentage of geographically distributed positions located in the Harbor is a reasonable estimate of the degree to which the division’s non-distributed positions provide services to the Harbor. Since 9.2% of all geographically distributed positions are located in the Harbor, this same percentage factor is applied to the division’s 85 non-distributed positions.

For the Street Stormwater Program division, positions are apportioned to the Harbor based on the geographic distribution of revenue the City collects from Stormwater Pollution Abatement Charge (SPAC). The SPAC is assessed on all properties in the City in order to treat and abate stormwater. The charge is based on the amount and kind of stormwater runoff a property generates, and is calculated as a function of property size and land use. According to City data, the Harbor generated 3% of all SPAC revenues in fiscal year 1998-99. Thus 3% of all Street Stormwater division staff would be apportioned to the new Harbor City. The assumption underlying this apportionment is that the regional distribution of SPAC revenues provides a reasonable assessment of stormwater-related service needs in a new Harbor City.

Finally, for the Bureau’s remaining three divisions – Management, A/E Consulting Services, and Finance and Administration – the number of positions providing service to the Harbor is estimated based on the proportion of employees in the Bureau’s other divisions providing services to the Harbor. These three divisions primarily provide internal support for the Bureau’s four service-providing divisions – Bond Program, Constituent Services and Permits, Wastewater, and Street Stormwater. Thus the proportion of employees in the four service-providing divisions that serve the Harbor is a measure of the number of Harbor-serving positions in the three support divisions.

#### Sufficiency of Staff Apportioned to Harbor and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Bureau of Engineering do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the Bureau’s 976 positions, roughly 80.4% are professional/technical. The professional/technical positions consist of Engineers and Engineer Associates, various Analyst and Associate positions, Architects, and various Program Officers. The clerical/administrative category comprises 15.8% of department staff. It includes Typists, Clerks, various Aides, and other clerical staff. Finally, roughly 3.8% of department staff are either upper management or highly specialized. Among these positions are those designated “Chief” (e.g., Information Chief, Survey Chief), Managers, and Superintendents.

To achieve, at least in percentage terms, a roughly similar mix of skills and experience among department staff in the new Harbor City, the 40 positions apportioned to the Harbor would consist of the following: 32 professional/technical, 6 clerical/administrative, and 2 specialist/management. Given its current mix of position categories, the department appears to contain sufficient staff in each category to allow for such a transfer.



**BUREAU OF ENGINEERING  
COMPOSITION OF WORKFORCE**

| <u>Category</u>         | <u>Positions</u> | <u>Percent of</u> |
|-------------------------|------------------|-------------------|
|                         |                  | <u>Total</u>      |
| Professional/Technical  | 785              | 80.4%             |
| Clerical/Administrative | 154              | 15.8%             |
| Management/Specialists  | 37               | 3.8%              |
| Total                   | 976              |                   |

**Transfer of Equipment and Facilities**

The proposed apportionment would consist of transferring to the new Harbor City the facilities, equipment and other assets the Bureau of Engineering uses to provide services to the Harbor. This would include: (1) transferring facilities located in the Harbor, as well as the resources located at those facilities, to the new Harbor City; and (2) transferring a proportionate share of centrally located equipment and other assets to the new Harbor City.

The Bureau's sole facility located in the Harbor is its Harbor District Office, located at 638 S. Beacon Street, San Pedro. It assumed for the purposes of this analysis that this facility, as well as the computer hardware and other assets located at or assigned to this facility, would be transferred to the new Harbor City upon a special reorganization.

**Transition of Service to New City**

It is assumed that the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

**Projected Expenditures**

The Bureau's projected expenditures for fiscal year 2000-01 are roughly \$70.3 million. As shown in the table below, the majority of department expenditures (over 91%) are for staff salaries.

**CITY OF LOS ANGELES – BUREAU OF ENGINEERING  
USES OF FUNDS**

| <u>Uses of Funds</u>      | <u>2000-01<br/>Budget</u> |
|---------------------------|---------------------------|
| Expenditures:             |                           |
| Salaries                  | \$ 64,215,249             |
| Expenses                  | 4,543,997                 |
| Equipment                 | 342,965                   |
| Special                   | 30,000                    |
| Interdepartmental Charges | 1,191,911                 |
| Total Expenditures        | \$ 70,294,122             |

In estimating expenditures for the Bureau of Engineering in the new Harbor City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Harbor with responsibility for Bureau of Engineering services is estimated to require 40 positions throughout the entire planning period.



### Contractual Services

The Bureau's fiscal year 2000-01 budget for contractual services is roughly \$2.3 million. The Bureau contracts for both physical construction services and for several kinds of non-construction technical services (e.g., environmental and geotechnical engineering services). It is assumed that the new Harbor City will require similar contract services, and that the costs of these contract services can be estimated based on the percentage of Bureau staff providing services to the Harbor (4.1%, as calculated above).

### Departmental Start-Up Costs

The department would require the provision of office space, and would need to be incorporated in the new city's payroll, accounting, and information systems. The overall planning for the start-up of the department would also require interim, dedicated staff or consultant resources. These base start-up costs, which are expected to be incurred by almost all functions transferring to the new city, are accounted for in section "Start-Up Costs."

### **Projected Revenues**

The ability of the new Harbor City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Bureau of Engineering in the new Harbor City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the Bureau are transferable to the Harbor.

The City of Los Angeles has historically funded the Bureau primarily from the General Fund and Sewer Construction and Maintenance Fund, but has also relied on several other sources of funds. The table below shows the department's sources of funds for fiscal year 2000-01.

| <b>CITY OF LOS ANGELES – BUREAU OF ENGINEERING<br/>SOURCES OF FUNDS</b> |                                  |
|-------------------------------------------------------------------------|----------------------------------|
| <b><u>Sources of Funds</u></b>                                          | <b><u>2000-01<br/>Budget</u></b> |
| City Funds:                                                             |                                  |
| General Fund                                                            | \$ 26,667,406                    |
| Special Gas Tax Street Improvement Fund (5)                             | 4,114,000                        |
| Stormwater Pollution Abatement Fund (7)                                 | 4,849,444                        |
| Sewer Construction and Maintenance Fund (14)                            | 34,251,028                       |
| Engineering Surcharge (29)                                              | 185,944                          |
| Proposition K (29)                                                      | 216,300                          |
| Total                                                                   | \$ 70,294,122                    |

One source of funds for the Bureau is the City's General Fund, which contributes nearly 38% of the Bureau's budget in fiscal year 2000-01. The General Fund supports expenditures that cannot be charged to the City's Special Purpose Funds. It is assumed for the purposes of this report that the Harbor City will similarly fund any activities not chargeable to a special purpose fund to its own general fund.

In addition to the City's General Fund, the City has budgeted funding for the Board from certain Special Purpose Funds. As further discussed in section "Transfer of Revenue," the City's Special Purpose Funds account for the use of funds that are restricted to specified purposes. For example, the Stormwater Pollution Abatement Fund accounts for revenue from the Stormwater Pollution Abatement Charge, which must be used for stormwater-related activities. Because it has been assumed in this report that the proposed Harbor City would not obtain control of the City's sewer system upon a special reorganization, the Harbor City would not need to create its own Sewer



Construction and Maintenance Fund. This is because that as a contractor to the regional sewer system, the Harbor City Bureau would not incur reimbursable sewer related costs. It is thus assumed that no revenues from these Funds will be transferred to the new Harbor City. The assumed amount of special purpose fund revenue that would accrue to the Harbor City is shown on Table R-8 in Appendix II.

With respect to the Bureau's remaining funding sources – Stormwater Pollution Abatement Fund, the Special Gas Tax Street Improvement Fund, Proposition K, and the Engineering Surcharge – it is assumed that the revenues accruing to these funding sources can be transferred to the new Harbor City based on the proportion of employees citywide transferred.

Another element of the new Harbor City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Bureau of Engineering in fiscal year 2000-01. The Bureau of Engineering in the new Harbor City would similarly generate fees for services it provides, and these fees would be contributed to the Harbor City's general fund.

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**BUREAU OF ENGINEERING  
GENERAL FUND DEPARTMENTAL RECEIPTS**

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| <u>Revenue Source</u>                       | <u>2000-01<br/>Budget</u> |
|---------------------------------------------|---------------------------|
| Assessments                                 | \$0                       |
| Construction Permits                        | 0                         |
| Streets and Curb Permits                    | 2,204,450                 |
| Other Licenses and Permits                  | 30,100                    |
| Other State Grants/Agreements               | 0                         |
| Reimbursement from other Agencies           | 100,000                   |
| Zoning Fee and Subdivision Fee              | 546,250                   |
| Other General Government Services           | 2,500                     |
| Engineering Fees Inspections Other Services | 1,288,080                 |
| Street Sidewalk Curb Repairs                | 0                         |
| Engineering Fees Inspections Other Services | 150,100                   |
| Transit Shelter Income                      | 0                         |
| Quasi-External Transaction                  | 250,000                   |
| Other Current Service Charges               | 1,100                     |
| Investment Earnings                         | 10,000                    |
| Rents and Concessions                       | 70,000                    |
| Royalties                                   | 0                         |
| Proc. of General Fixed Assets Disposal      | 0                         |
| Miscellaneous Revenues                      | 0                         |
| Reimbursement from other Funds              | 13,826,847                |
| Other Financing Sources                     | 0                         |
| Special                                     | 0                         |
| <br>Total Engineering                       | <br>\$ 18,419,427         |

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## **Public Works – Bureau of Management-Employee Services**

The Bureau of Management-Employee Services administers the personnel management program of the Department of Public Works. The Bureau's primary functions relate to the selection, placement, promotion, and evaluation of employees. The Bureau also ensures compliance with civil service rules and departmental personnel rules.

### **Distribution of Service within City**

The Bureau of Management-Employee Services provides indirect services only, supporting the other Bureaus within the Public Works Department on personnel issues such as employee discipline, "Meet and Confer" grievances, and Unfair Employee Relations Practice Claims. The Bureau provides these services primarily from its downtown headquarters office located at 433 S. Spring Street. A limited number of Bureau staff are based at the Hyperion Treatment Plant, located at 12000 Vista Del Mar Boulevard, Playa Del Rey.

### **Proposed Apportionment**

The applicant's proposed apportionment seeks to provide the new Harbor City with responsibility for the services the Harbor currently receives from the Bureau of Management-Employee Services. Such an apportionment could be accomplished by transferring to the new Harbor City: (1) those department personnel that, as of fiscal year 2000-01, provide services to the Harbor; and (2) a proportionate share of the centralized assets used to provide operational and administrative support for Bureau services provided in the Harbor.

### **Transfer of City Personnel**

The number of Bureau staff that, as of fiscal year 2000-01, provide services to the Harbor can be estimated based on the estimated workload and service needs in the Harbor. For fiscal year 2000-01 the Bureau has 24 budgeted positions. It is divided into 3 divisions, the functions of which are described in the table below.

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## **PUBLIC WORKS – BUREAU OF MANAGEMENT-EMPLOYEE SERVICES INTERNAL DIVISION FUNCTIONS**

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| <b><u>Division</u></b>      | <b><u>Function</u></b>                                                                                                                                                                                        |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Executive Office            | Provides Bureau-wide management and oversight.                                                                                                                                                                |
| Employee Relations          | Responsible for "Meet and Confer" process, MOU interpretation, Unfair Employee Relations Practice claims, and other employee relations issues; also provides Bureau-wide administrative and clerical support. |
| Liaison/Employment Services | Administers employee discipline, special personnel investigations, drug/alcohol abuse programs, and other personnel issues.                                                                                   |

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Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each division providing service to the Harbor. As shown in the table below, it is estimated that a total of 1 position provides service to the Harbor. A special reorganization would thus result in 1 position, or roughly 4.17% of the Bureau's staff, being transferred to the new Harbor City.



**PUBLIC WORKS – BUREAU MANAGEMENT-EMPLOYEE RELATIONS  
ALLOCATION OF WORKLOAD AND PERSONNEL**

| <u>Division</u>             | <u>Allocation Method</u>           | <u>Positions</u> | <u>Harbor<br/>Allocation</u> |
|-----------------------------|------------------------------------|------------------|------------------------------|
| Executive Office            | Staff availability                 | 2                | 0                            |
| Employee Relations          | Proportion of employees            | 10               | 0                            |
| Liaison/Employment Services | Proportion of employees (adjusted) | 12               | 1                            |
| Total                       |                                    | 24               | 1                            |

All positions in the Bureau are apportioned to the new Harbor City based on the proportion of employees in four other Bureaus within the Department of Public Works – Engineering, Sanitation, Street Lighting, and Street Services – that are allocated to the Harbor, adjusted upward for the Liaison/Employment Services division to create a viable apportionment. The logic of this apportionment is that the Bureau of Management-Employee Services workload is ultimately the result of the activities carried out by these four Bureaus. Thus the percentage of staff in these four Bureaus that provide services to the Harbor is a reasonable indicator of the percentage of Bureau of Management-Employee Services staff providing services to the Harbor. The position transferred to the Harbor is from the Liaison/Employment Services division because this division's relatively large number of staff compared to the department's other core divisions will likely minimize any negative service impacts such a transfer could have on the City of Los Angeles.

Sufficiency of Staff Apportioned to Harbor and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Bureau of Management-Employee Services do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the Bureau's 24 positions, roughly 66.7% are professional/technical. The professional/technical positions consist of Analysts and Supervisors. The clerical/administrative category comprises roughly 29.2% of department staff. It includes Clerks and Secretaries. Finally, roughly 4.1% of department staff are either upper management or highly specialized. This single position is the Bureau's Director. Given that only one position would be transferred to the Harbor, it would not be possible for the Harbor City to achieve a roughly similar mix of skills and experience among department staff received from the City of Los Angeles.

**BUREAU OF MANAGEMENT-EMPLOYEE SERVICES  
COMPOSITION OF WORKFORCE**

| <u>Category</u>         | <u>Positions</u> | <u>Percent of<br/>Total</u> |
|-------------------------|------------------|-----------------------------|
| Professional/Technical  | 16               | 66.7%                       |
| Clerical/Administrative | 7                | 29.2%                       |
| Management/Specialists  | 1                | 4.1%                        |
| Total                   | 24               |                             |



Because a new Harbor City department would be apportioned just 1 position, the department would have to hire additional staff or make various organizational modifications to be able to provide the full range of services the department currently provides in the City of Los Angeles. For the purposes of this report, it is assumed that the Harbor would alter this department's organizational structure and functional responsibilities to adjust to any staffing constraints.

#### Transfer of Equipment and Facilities

The Bureau has no facilities or special equipment that would be transferred to the new Harbor City.

#### Transition of Service to New City

It is assumed the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

#### **Projected Expenditures**

The Bureau of Management-Employee Services' projected expenditures for fiscal year 2000-01 are roughly \$1.6 million. As shown in the table below, salaries constitute most (roughly 92%) of the Bureau's expenditures.

| <b>CITY OF LOS ANGELES – BUREAU OF<br/>EMPLOYEE-MANAGEMENT SERVICES<br/>USES OF FUNDS</b> |                           |
|-------------------------------------------------------------------------------------------|---------------------------|
| <u>Uses of Funds</u>                                                                      | <b>2000-01<br/>Budget</b> |
| Expenditures:                                                                             |                           |
| Salaries                                                                                  | \$ 1,492,418              |
| Expenses                                                                                  | 90,797                    |
| Equipment                                                                                 | 21,840                    |
| Interdepartmental Charges                                                                 | 19,558                    |
| Total Expenditures                                                                        | \$ 1,624,613              |

In estimating expenditures for the Bureau of Management-Employee Services in the new Harbor City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Harbor with responsibility for the services it receives from the Bureau is estimated to require 1 position throughout the entire planning period.

#### Contractual Services

During fiscal year 2000-01, the Bureau of Management-Employee Services did not purchase any significant contract services.

#### Departmental Start-Up Costs

The Bureau would require the provision of office space, and would need to be incorporated in the new city's payroll, accounting, and information systems. The overall planning for the start-up of the department would also require interim, dedicated staff or consultant resources. These base start-up costs, which are expected to be incurred by almost all functions transferring to the new city, are accounted for in section "Start-Up Costs."

#### **Projected Revenues**

The ability of the new Harbor City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Bureau of Management-Employee Services in the new Harbor City, focusing on



the degree to which the revenue sources currently used by the City of Los Angeles to fund the Bureau are transferable to the Harbor.

The City of Los Angeles has historically funded the Bureau primarily from the General Fund and the Sewer Construction & Maintenance Fund, but has also relied on other funding sources. The table below shows the department's sources of funds for fiscal year 2000-01.

**CITY OF LOS ANGELES – BUREAU OF MANAGEMENT-  
EMPLOYEE SERVICES  
SOURCES OF FUNDS**

| <u>Sources of Funds</u>                       | <u>2000-01<br/>Budget</u> |
|-----------------------------------------------|---------------------------|
| City Funds:                                   |                           |
| General Fund                                  | \$ 922,111                |
| Sewer Construction and Maintenance Fund (14)  | 658,066                   |
| Street Light Maintenance Assessment Fund (19) | 44,436                    |
| <br>Total                                     | <br>\$ 1,624,613          |

As further discussed in section "Transfer of Revenue," it has been assumed in this report that the proposed Harbor City would not obtain control of the City's sewer system upon a special reorganization. For this reason, the Harbor City would not need to create its own Sewer Construction and Maintenance Fund, and thus no portion of this Fund would be transferred to the new Harbor City. This does not mean the Harbor City would fund its Bureau of Management-Employee Services disproportionate to its general fund. It means only that as a contractor to the regional system, the Harbor City Bureau would not incur reimbursable sewer related costs.

With the exception of the Sewer Construction and Maintenance Fund, it is assumed that each of the revenue sources in the table above can be transferred to the new Harbor City based on the percentages shown on Table R-8 in Appendix II.

Another element of the new Harbor City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Bureau of Management-Employee Services in fiscal year 2000-01. It is assumed the receipts, associated with related costs, generated by the Bureau will be available to the new Harbor City based on the percentage of staff citywide estimated to be transferred to the Harbor City.

**BUREAU OF MANAGEMENT-EMPLOYEE SERVICES  
GENERAL FUND DEPARTMENTAL RECEIPTS**

| <u>Revenue Source</u>             | <u>2000-01<br/>Budget</u> |
|-----------------------------------|---------------------------|
| Other General Government Services | \$ 71,200                 |
| Reimbursement from other Funds    | 262,978                   |
| <br>Total Mgmt-Emp Services       | <br>\$ 334,178            |



## **Public Works – Bureau of Sanitation**

The Bureau of Sanitation focuses on three activities: solid resources management, wastewater and industrial waste management, and stormwater management. The Bureau's solid resources management activities consist of collecting, processing, and disposing of refuse, recyclables, and yard trimmings. The Bureau's wastewater and industrial waste functions include the conveyance, treatment, and disposition of wastewater and the operation of 4 wastewater treatment plants Citywide. They also involve permitting and monitoring emitters of industrial waste effluent. Finally, in the area of stormwater, the Bureau is responsible for managing the City's stormwater management system and administering the City's flood control programs.

### **Distribution of Service within City**

The Bureau's solid resources activities can be divided into four operational areas: refuse, recycling, yard trimmings, and various special items. For refuse, the City utilizes three landfills for refuse disposal: Sunshine Canyon Landfill (14747 San Fernando Road, Granada Hills), Bradley Landfill (9801 Tujunga Avenue, Sun Harbor), and Calabasas Landfill (5300 Lost Hills Road, Agoura).<sup>47</sup> Sunshine Canyon and Bradley are operated by private companies, while Calabasas is owned and operated by the Los Angeles County Sanitation District. For refuse collected in the Harbor area, the City makes extensive use of the City of Long Beach's SERRF refuse incinerator facility (120 Henry Ford Avenue, Long Beach). The City also utilizes several refuse transfer stations throughout the City as areas to consolidate refuse for shipping to the landfills. One such transfer station is located in the Harbor (3031 East First Street, Wilmington).

With respect to recycling, the City utilizes eight materials recovery facilities (MRFs) to process recyclables, one of which is located in the Harbor. For yard trimmings, the Bureau utilizes three facilities, and the Bureau provides several special collection and disposal services for dead animals, bulky items, horse manure, and other items.

To provide solid resources services, the Bureau divides the City geographically into six "districts". The Bureau's Harbor District encompasses and is somewhat larger than the Harbor special reorganization area. Operations for the Harbor are based at the Harbor Yard, located at 1400 Gaffey Street, San Pedro.

The Bureau's wastewater and industrial waste management services focus on two activities. The first is collecting, conveying, treating, and disposing of sewage for the City and for 27 other agencies that contract with the Bureau for wastewater services. Major components of the wastewater include the City's four sewage treatment plants: Hyperion Treatment Plant, Terminal Island Treatment Plant (located in the Harbor at 445 Ferry Street, Terminal Island), Tillman Water Reclamation Plant, and Los Angeles/Glendale Water Reclamation Plant. In addition to operating these treatment plants, the Bureau maintains all of the sewer system's pumping plants and all other physical components of the system (e.g., sewer pipes) within the City. The Bureau also maintains the sewer pipes located outside the City's boundaries if they exceed thirty inches in diameter.

In addition to managing sewage, a second area category of services is the monitoring and permitting of businesses and other sources of harmful pollutants (e.g., metals) that flow into the City's sewer or stormwater system. These activities consist of both inspecting potential sources of pollutants and of making technological improvements that reduce the amount of pollutants entering the sewer and stormwater systems.

To provide wastewater services, the Bureau divides the City geographically into eight Districts, and deploys both operations and support staff at facilities throughout the City. Operations staff are concentrated at the District offices and the sewage treatment plants, particularly at Hyperion Treatment Plant (12000 Vista Del Mar, Playa Del Rey). Support and various technical staff are

<sup>47</sup> The Bureau is also currently utilizing the City of Long Beach's South East Resources Recovery Facility to dispose of refuse collected in the Harbor area.



concentrated both at the department's downtown Los Angeles headquarters (433 S. Spring Street) and at offices near downtown at 2335 Dorris Place.

Finally, in the area of stormwater management, the Bureau engages in two primary activities. The first is maintaining the City's storm drain system, primarily through both public education programs and engineering projects aimed at reducing the amount of trash and pollutants that enter the storm drains. The second is ensuring the City's continuing compliance with the numerous regulatory requirements, in particular those of the National Pollutant Discharge Elimination System (NPDES) Permit for stormwater and urban runoff. Stormwater management staff are located in downtown offices at 650 S. Spring Street.

### **Proposed Apportionment**

The applicant's proposed apportionment seeks to provide the new Harbor City with responsibility for the services the Harbor currently receives from the Bureau of Sanitation. Such an apportionment could be accomplished by: (1) the establishment of a contractual agreement between the City of Los Angeles and the new Harbor City under which the Harbor City would receive wastewater services from the City of Los Angeles. Under such an arrangement, the City of Los Angeles would continue to own, operate, and maintain its wastewater system, including all elements of the system located within the new Harbor City; (2) transferring to the new Harbor City all staff and equipment (e.g., trucks, containers) that provide solid resources services to the Harbor; and (3) transferring to the Harbor City all stormwater management staff currently providing services to the Harbor area.

### **Transfer of City Personnel**

The number of department staff that, as of fiscal year 2000-01, provide services to the Harbor can be estimated based on the current location of staff as well as the estimated workload and service needs in the Harbor. For fiscal year 2000-01 the Bureau of Sanitation has 2,421 budgeted positions. The bureau is divided into 17 divisions, the functions of which are described in the table below.



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**PUBLIC WORKS – BUREAU OF SANITATION  
INTERNAL DIVISION FUNCTIONS**

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| <b><u>Division</u></b>                     | <b><u>Function</u></b>                                                                                                                                                                               |
|--------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Management (Executive Division)            | Provides overall oversight and management of Bureau.                                                                                                                                                 |
| Administration                             | Provides administrative and clerical support for the Bureau, including payroll, purchasing, and personnel processing.                                                                                |
| Financial Management                       | Estimates Bureau revenues, monitors expenditures, and provides overall financial management.                                                                                                         |
| Information and Control Systems            | Responsible for the Bureau's computer-based systems and services.                                                                                                                                    |
| Human Resources Development                | Develops programs for employee environmental health and safety, training, and emergency preparedness.                                                                                                |
| Regulatory Affairs                         | Responsible for regulatory compliance and permitting issues.                                                                                                                                         |
| Environmental Monitoring                   | Provides all laboratory testing related to City wastewater and stormwater activities, provides information and research to safeguard employee and public health and to address environmental issues. |
| Solid Resources Collection                 | Collects recyclables, refuse, and special items for residences and some City departments.                                                                                                            |
| Solid Resources Engineering & Construction | Provide planning and engineering services to support solid waste collection, management, and infrastructure development.                                                                             |
| Solid Resources Citywide Recycling         | Manages citywide solid waste recycling programs.                                                                                                                                                     |
| Wastewater Collection Systems              | Operates and maintains the City wastewater collection and citywide stormwater conveyance system.                                                                                                     |
| Wastewater Engineering Services            | Provides engineering services to the Bureau's wastewater program.                                                                                                                                    |
| Terminal Island Treatment Plant            | Provides wastewater treatment for the Los Angeles Harbor areas.                                                                                                                                      |
| Hyperion Treatment Plant                   | Provides wastewater treatment for the City; also provides residuals management and resource recovery related to wastewater.                                                                          |
| L.A. Glendale/D.C. Tillman Plants          | Provides wastewater treatment and water reuse services for the San Fernando Harbor, Glendale, and surrounding Los Angeles areas.                                                                     |
| Industrial Waste Management                | Responsible for minimizing the amount of harmful pollutants (e.g., metals) that enter the City's wastewater system.                                                                                  |
| Stormwater Management                      | Responsible for controlling and eliminating stormwater pollution.                                                                                                                                    |

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As discussed above, it is envisioned that all of the Bureau's wastewater functions would remain within the City of Los Angeles. Thus the estimate of the number of employees providing services to the Harbor is limited to divisions with responsibility for solid resources, stormwater, various administrative functions, and regulatory research. For these divisions, measures of workload and service needs have been identified that provide a basis for estimating the proportion of positions providing service to the Harbor. As shown in the table below, it is estimated that a total of 38 positions provide service to the Harbor. A special reorganization would thus result in 38 positions, or roughly 1.6% of the department's staff, being transferred to the new Harbor City.



**BUREAU OF SANITATION  
ALLOCATION OF WORKLOAD AND PERSONNEL**

| <u>Division</u>                            | <u>Allocation Method</u>                      | <u>Positions*</u> | <u>Harbor<br/>Allocation</u> |
|--------------------------------------------|-----------------------------------------------|-------------------|------------------------------|
| Management (Executive Division)            | Proportion of employees                       | 8                 | 1                            |
| Administration                             | Proportion of employees                       | 65                | 1                            |
| Financial Management                       | Proportion of employees                       | 65                | 1                            |
| Information and Control Systems            | Proportion of employees                       | 59                | 1                            |
| Human Resources Development                | Proportion of employees                       | 40                | 1                            |
| Regulatory Affairs                         | Proportion of employees                       | 14                | 1                            |
| Environmental Monitoring                   | Staff not transferred                         | 115               | 0                            |
| Solid Resources Collection                 | Employee service area/Proportion of employees | 794               | 27                           |
| Solid Resources Engineering & Construction | Proportion of employees                       | 97                | 3                            |
| Solid Resources Citywide Recycling         | Proportion of employees                       | 26                | 1                            |
| Wastewater Collection Systems              | Staff not transferred                         | 310               | 0                            |
| Wastewater Engineering Services            | Staff not transferred                         | 46                | 0                            |
| Terminal Island Treatment Plant            | Staff not transferred                         | 63                | 0                            |
| Hyperion Treatment Plant                   | Staff not transferred                         | 481               | 0                            |
| L.A. Glendale/D.C. Tillman Plants          | Staff not transferred                         | 96                | 0                            |
| Industrial Waste Management                | Staff not transferred                         | 105               | 0                            |
| Stormwater Management                      | SPAC revenue distribution                     | 37                | 1                            |
| Total                                      |                                               | 2,421             | 38                           |

\* Positions per division based on the Bureau's 1999-00 organization chart. Discrepancies between the total number of budgeted positions and the number of positions shown on the organization chart were reconciled to match the budgeted number.

The methodology used to estimate the number of positions providing service to the Harbor is as follows. In the area of solid resources, the Solid Resources Collection division contains two categories of positions that require separate apportionment methodologies. The first group consists of those assigned to specific geographic services areas and therefore are apportioned based on these service areas. To estimate the number of staff among this first group providing services to the Harbor area, several calculations were made. First, because the Bureau's organization chart consolidates Solid Resources Collection division personnel in its South Central and Harbor Districts, department data indicating that roughly 22.7% of the households in these two districts receiving refuse collection services are located in the Harbor District was used to estimate the number of staff assigned to the Harbor District. And second, adjustments were made to account for the Bureau's Harbor District encompassing a geographic region exceeding the boundaries of the Harbor special reorganization area. Using data derived from the U.S. Census, it was estimated that roughly 76.5% of the population in the Bureau's Harbor District reside within the Harbor special reorganization area. Applying these percentages results in an estimate that 25 of the 136 positions assigned to the Bureau's South Central and Harbor Districts provide services to the Harbor special reorganization area. These 25 positions



account for roughly 3.4% of the 727 positions in the division assigned to specific geographic services areas.

The second group of positions in the Solid Resources Collection division consists of those not assigned to specific geographic service area. These 67 positions, which are associated with overall division management and support, are apportioned to the new Harbor City on a “proportion of employees” basis by applying the percentage of geographic-specific positions estimated to provide service to the Harbor (3.4%) as calculated above. Taking 3.4% of these 67 positions results in an apportionment of 2 positions to the Harbor from this group. Adding these 2 positions to the 25 positions calculated above results in a total apportionment of 27 positions. The logic of this apportionment is that the Solid Resources Collection division’s management and support positions primarily support the division’s geographic-specific operations. Since 3.4% of all geographic-specific positions provide services to the Harbor, it is estimated that the same percentage of the division’s management-related positions provide services to the Harbor.

For the two other divisions with responsibility for solid resources – Solid Resources Engineering & Construction and Solid Resources Citywide Recycling – the apportionment is made based on the proportion of employees in the Solid Resources Collection division (3.4%, as calculated above) apportioned to the Harbor.

For the Stormwater Management division, positions are apportioned to the Harbor based on the geographic distribution of revenue the City collects from Stormwater Pollution Abatement Charge (SPAC). The SPAC is assessed on all properties in the City in order to treat and abate stormwater. The charge is based on the amount and kind of stormwater runoff a property generates, and is calculated as a function of property size and land use. According to City data, the Harbor generated 3% of all SPAC revenues in fiscal year 1998-99. Thus 3% of all Stormwater Management division staff would be apportioned to the new Harbor City. The assumption underlying this apportionment is that the regional distribution of SPAC revenues provides a reasonable assessment of stormwater-related service needs in a new Harbor City.

Positions in the all other divisions are apportioned to the Harbor using a “proportion of employees” method. All positions apportioned in this manner are within “support” divisions that provide technical and administrative support to other Bureau divisions that provide direct services. The assumption is that the proportion of direct service division employees providing services to the Harbor is a reasonable indicator of the proportion of support division employees providing services to the Harbor.

The department has also budgeted for a small number of “as needed” positions for fiscal year 2000-01. A proportional amount of the cost for these positions is assumed transferred to the Harbor City in proportion to the number of budgeted staff transferred.

#### Sufficiency of Staff Apportioned to Harbor and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Bureau of Street Services do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the Bureau’s 2,421 positions, roughly 68.8% are professional/technical. The professional/technical category includes a variety of positions, including Operators, Inspectors, and Engineers and Analysts. The clerical/administrative category comprises roughly 26.7% of department staff. It includes Secretaries, Clerks, Trainees, Workers, and other support staff. Finally, roughly 4.5% of department staff are either upper management or highly specialized. These positions include those titled Manager, Superintendent, and Supervisor.

To achieve, at least in percentage terms, a roughly similar mix of skills and experience among department staff in the new Harbor City, the 38 positions apportioned to the Harbor would consist of



the following: 26 professional/technical, 10 clerical/administrative, and 2 specialist/management. Given its current mix of position categories, the department appears to contain sufficient staff in each category to allow for such a transfer.

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**BUREAU OF SANITATION  
COMPOSITION OF WORKFORCE**

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| <u>Category</u>         | <u>Positions</u> | <u>Percent of<br/>Total</u> |
|-------------------------|------------------|-----------------------------|
| Professional/Technical  | 1,666            | 68.8%                       |
| Clerical/Administrative | 646              | 26.7%                       |
| Management/Specialists  | 109              | 4.5%                        |
| Total                   | 2,421            |                             |

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**Transfer of Equipment and Facilities**

The proposed apportionment would consist of transferring to the new Harbor City certain specified facilities, equipment and other assets used by the Bureau to provide services to the Harbor. This proposed apportionment will be discussed below with reference to the three main areas of Bureau activity: (1) solid resources; (2) wastewater and industrial waste; and (3) stormwater.

With respect to solid resources, the apportionment to the Harbor would consist of equipment and certain facilities. The equipment would include a portion of all forms of trucks (e.g., refuse, recycling, yard trimmings, etc.) and all containers (blue, black, green) assigned to the Harbor District. The portion assigned is based on the estimated proportion of all Harbor District residents residing in the Harbor special reorganization area (76.5%, as calculated above). The table below lists the number and types of solid resources trucks that would be transferred to the new Harbor City, based on the number of such vehicles estimated to be providing services to the harbor area as of fiscal year 2000-01.

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**CITY OF LOS ANGELES – BUREAU OF SANITATION  
SOLID RESOURCES TRUCKS PROVIDING SERVICES  
IN THE HARBOR\***

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| <u>Type of Truck</u>     | <u>Number of<br/>Trucks</u> |
|--------------------------|-----------------------------|
| Automated Trucks:        |                             |
| Refuse                   | 9                           |
| Yard Trimmings           | 4                           |
| Recycling                | 5                           |
| Manual/Semi-Automated:   |                             |
| Front Loader/Bulky Items | 2                           |
| Recreation/Parks         | 0                           |
| Dead Animal              | 1                           |
| R. Loader – Two Members  | 2                           |
| White Goods              | 2                           |
| Total                    | 25                          |

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\*Consists of 76.5% of trucks assigned to the Harbor District as of fiscal year 2000-01.

The facilities apportioned to the Harbor would be the Harbor Yard refuse collection facility, located at 1400 Gaffey Street, San Pedro.



In addition to the Harbor Yard, the City utilizes several other facilities located in the Harbor to provide solid resources services. These facilities consist of a refuse transfer station and a materials recovery facility (i.e. recycling center). A list of such facilities located in the Harbor appears in the table below. It is important to note that of the facilities listed below, none are owned by the City of Los Angeles. Thus none of the facilities listed below would be transferred to the new Harbor City.

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**PUBLIC WORKS – BUREAU OF SANITATION  
SOLID RESOURCES FACILITIES LOCATED IN HARBOR**

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| <u>Facility</u>          | <u>Address</u>                     | <u>Service</u>              |
|--------------------------|------------------------------------|-----------------------------|
| BKK/Falcon               | 3031 East First Street, Wilmington | Refuse transfer station     |
| CAN Recycling Industries | 936 Mahar Avenue, Wilmington       | Materials recovery facility |

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With respect to wastewater facilities and equipment, it is assumed that the City of Los Angeles would continue to maintain and operate all the wastewater equipment and facilities that it maintains as of fiscal year 2000-01. (See section “Transfer of Service, Costs, Revenues, and Assets – Wastewater Service” for a more detailed discussion of the City’s stormwater system.)

Finally, in the area of stormwater, it is assumed for the purposes of this analysis that the Harbor City would take responsibility for the maintenance of the local stormwater system within its boundaries, and would assume existing efforts to reduce stormwater solids, such as catch basin repair and point-source interventions efforts, and would assess a stormwater pollution abatement charge to its residents. (See section “Transfer of Service, Costs, Revenues, and Assets – Stormwater Service” for a more detailed discussion of the City’s stormwater system.)

Transition of Service to New City

It is assumed the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

**Projected Expenditures**

The Bureau’s projected expenditures for fiscal year 2000-01 are roughly \$189.4 million. As shown in the table below, salaries and expenses constitute most of the Bureau’s expenditures.

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**CITY OF LOS ANGELES – BUREAU OF SANITATION  
USES OF FUNDS**

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| <u>Uses of Funds</u>      | <u>2000-01<br/>Budget</u> |
|---------------------------|---------------------------|
| Expenditures:             |                           |
| Salaries                  | \$ 133,937,170            |
| Expenses                  | 46,294,812                |
| Equipment                 | 18,000                    |
| Interdepartmental Charges | 9,143,272                 |
| Total Expenditures        | \$ 189,393,254            |

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In estimating expenditures for the Bureau of Sanitation in the new Harbor City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing



the Harbor with responsibility for the services it receives from the Bureau of Sanitation is estimated to require 38 positions throughout the entire planning period.

#### Contractual Services

The Bureau's fiscal year 2000-01 budget for contractual services is \$4.8 million. The Bureau contracts for numerous personal services, including waste disposal, engineering services, and yard trimmings processing. It is assumed that, at least with respect to contracts related to solid resources and stormwater, the new Harbor City will require similar contract services, and the costs of these contract services can be estimated based on the percentage of Bureau staff providing services to the Harbor (1.6%, as calculated above).

Contractual service by the Harbor City for service relating to the City's sewer system is discussed in section "Transfer of Service, Costs, Revenues, and Assets – Wastewater System."

#### Departmental Start-Up Costs

The Bureau would require the provision of office space, and would need to be incorporated in the new city's payroll, accounting, and information systems. The overall planning for the start-up of the department would also require interim, dedicated staff or consultant resources. These base start-up costs, which are expected to be incurred by almost all functions transferring to the new city, are accounted for in section "Start-Up Costs."

#### **Projected Revenues**

The ability of the new Harbor City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Bureau of Sanitation in the new Harbor City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the Bureau are transferable to the Harbor.

The City of Los Angeles has historically funded the Bureau primarily from the General Fund and the Sewer Construction & Maintenance Fund, but has also relied on several other funding sources. The table below shows the department's sources of funds for fiscal year 2000-01.

#### **CITY OF LOS ANGELES – BUREAU OF SANITATION SOURCES OF FUNDS**

| <u>Sources of Funds</u>                      | <u>2000-01<br/>Budget</u> |
|----------------------------------------------|---------------------------|
| City Funds:                                  |                           |
| General Fund                                 | \$ 99,128,943             |
| Stormwater Pollution Abatement Fund (7)      | 8,117,560                 |
| Community Development Trust Fund (8)         | 15,000                    |
| Sewer Construction and Maintenance Fund (14) | 78,766,596                |
| Landfill Maintenance Special Fund (38)       | 1,521,000                 |
| Household Hazardous Waste Fund (39)          | 1,844,155                 |
| <br>Total                                    | <br>\$ 189,393,254        |

As further discussed in section "Transfer of Revenue," the City's Special Purpose Funds account for the use of funds that are restricted to specified purposes. For example, the Stormwater Pollution Abatement Fund accounts for revenue from the Stormwater Pollution Abatement Charge, which must be used for stormwater-related activities. Because it has been assumed in this report that the proposed Harbor City would not obtain control of the City's sewer system upon a special reorganization, the Harbor City would not need to create its own Sewer Construction and Maintenance Fund. This does not mean the Harbor City would fund its Bureau disproportionate to its general fund,



only that as a contractor to the regional system, the Harbor City Bureau would not incur reimbursable sewer related costs.

With respect to the remaining revenue sources – the Landfill Maintenance Special Fund and the Household Hazardous Waste Fund – it is assumed that these revenue sources can be transferred to the new Harbor City based on the proportion of City population in the Harbor.

Another revenue source related to Bureau of Sanitation services is the Sanitation Equipment Charge (SEC). The SEC is levied on all single-family dwellings in the City and upon multiple unit dwellings for which the City provides refuse collection services. Funds from this charge, estimated to be \$47.1 million in fiscal year 2000-01, are used to acquire and repair sanitation equipment. Funds from this charge are also pledged to repay the debt on bonds issued to finance the purchase of refuse collection vehicles, equipment, and other assets used for refuse collection and disposal. Were a special reorganization to occur, it is envisioned that the City of Los Angeles would continue to assess and collect all SEC charges on behalf of the Harbor until the bonds for which the charges are pledged are repaid. Any SEC revenue in excess of the proportional debt service on the bonds could be returned to the Harbor.

Another element of the new Harbor City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Bureau of Sanitation in fiscal year 2000-01. It is assumed that each of the receipts, associated with related costs, generated by the Bureau will be available to the new Harbor City, based on the percentage of citywide employees that would be transferred.

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**BUREAU OF SANITATION  
GENERAL FUND DEPARTMENTAL RECEIPTS**

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| <u>Revenue Source</u>                       | <u>2000-01<br/>Budget</u> |
|---------------------------------------------|---------------------------|
| Other Licenses and Permits                  | \$ 1,200                  |
| Reimbursement from other Funds              | 0                         |
| Engineering Fees Inspections Other Services | 0                         |
| Street Sidewalk Curb Repairs                | 0                         |
| Sales of Refuse                             | 50,000                    |
| Quasi-External Transaction                  | 0                         |
| Royalties                                   | 0                         |
| Miscellaneous Revenues                      | 3,500                     |
| Reimbursement from other Funds              | 22,587,924                |
| Special                                     | 859,846                   |
| Total Sanitation                            | <u>\$ 23,502,470</u>      |

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### **Public Works – Bureau of Street Lighting**

The Bureau of Street Lighting is responsible for designing, constructing and maintaining the City's Street Lighting System. As of fiscal year 2000-01, this System consists of about 217,000 of the roughly 240,000 street lights within the City of Los Angeles.<sup>48</sup> The Bureau's activities include managing various kinds of street lighting projects and administering the City's street lighting assessment districts.

#### **Distribution of Service within City**

The Bureau's activities involve a mix of direct services provided to the public and indirect support services to both other City departments and to outside government agencies. The direct services consist of plan checking and technical support on the lighting aspects of certain private development projects, and of responding to citizen requests for street light repairs or specific lighting system improvements. A somewhat different form of direct service the Bureau provides consists of administering existing street light assessment districts, as well as analyzing and structuring proposals for new assessment districts.

With respect to indirect support services, the Bureau checks project plans and provides technical oversight for the street lighting aspects of development projects conducted by other City departments. The Bureau's indirect services also include assisting in the design of lighting systems for transit or other projects carried out within Los Angeles by non-City agencies (e.g., Caltrans).

To provide both its direct and indirect services, the Bureau divides the City geographically into four "Districts" – North, West, Central, and South – with the South District encompassing the Harbor special reorganization area. The Bureau has three office locations citywide, its headquarters being in downtown Los Angeles at 600 S. Spring Street.

#### **Proposed Apportionment**

The proposed apportionment seeks to provide the new Harbor City with responsibility for the services the Harbor currently receives from the Bureau of Street Lighting. Such an apportionment could be accomplished by transferring to the new Harbor City: (1) those department personnel that, as of fiscal year 2000-01, provide services to the Harbor; and (2) a proportionate share of the centralized assets used to provide operational and administrative support for Bureau services provided in the Harbor.

#### **Transfer of City Personnel**

The number of department staff that, as of fiscal year 2000-01, provide services to the Harbor can be estimated based on the current location of staff as well as the estimated workload and service needs in the Harbor. For fiscal year 2000-01 the Bureau has 213 budgeted positions. The department is divided into 12 divisions, the functions of which are described in the table below.

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<sup>48</sup> The roughly 23,000 street lights within Los Angeles that are not part of the City Street Lighting System are owned and operated by the Department of Water and Power.



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**PUBLIC WORKS – BUREAU OF STREET LIGHTING**  
**INTERNAL DIVISION FUNCTIONS**

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| <u>Division</u>                                | <u>Function</u>                                                                                                                                                                 |
|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Management                                     | Provides overall management and oversight of the Bureau.                                                                                                                        |
| Field Operations                               | Responsible for maintaining and repairing street lights, warehouse operations, and inventory management.                                                                        |
| Construction Services                          | Manages street lighting projects, evaluates and tests equipment, and performs various construction engineering duties.                                                          |
| Proposition 218 Compliance & Community Service | Responsible for community relations; also manages the process of creating new street lighting maintenance assessments while complying with Proposition 218.                     |
| Private Development                            | Responsible for engineering plan checks and other construction project monitoring for private development projects and for special projects.                                    |
| Case Management                                | Reviews Planning Department documents, EIRs, and various other development-related documents, attends development-related meetings, and assists in the Building Permit process. |
| Inter-Agency Engineering                       | Responsible for street lighting portions of projects carried out by outside agencies within City boundaries.                                                                    |
| Capital Projects                               | Responsible for installing new street light systems and for rehabilitation projects.                                                                                            |
| Assessment Processing                          | Calculates assessments, prepares ordinances, conducts hearings, and various other duties related to setting street light assessments.                                           |
| Management Support & Personnel Services        | Responsible for personnel and office management issues.                                                                                                                         |
| Administrative Services                        | Responsible for payroll, budgeting, and other support functions.                                                                                                                |
| Information Technology                         | Responsible for Bureau's computer and other information systems.                                                                                                                |

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Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Harbor. As shown in the table below, it is estimated that a total of 21 positions provide service to the Harbor. A special reorganization would thus result in 21 positions, or roughly 9.9 % of the Bureau's staff, being transferred to the new Harbor City.



**PUBLIC WORKS – BUREAU OF STREET LIGHTING  
ALLOCATION OF WORKLOAD AND PERSONNEL**

| <u>Division</u>                                | <u>Allocation Method</u>                      | <u>Positions*</u> | <u>Harbor Allocation</u> |
|------------------------------------------------|-----------------------------------------------|-------------------|--------------------------|
| Management                                     | Proportion of employees                       | 5                 | 1                        |
| Field Operations                               | Location of employees/Proportion of employees | 88                | 10                       |
| Construction Services                          | Proportion of employees                       | 11                | 1                        |
| Proposition 218 Compliance & Community Service | Population                                    | 20                | 1                        |
| Private Development                            | Proportion of employees                       | 10                | 1                        |
| Case Management                                | Proportion of employees                       | 6                 | 1                        |
| Inter-Agency Engineering                       | Population                                    | 16                | 1                        |
| Capital Projects                               | Proportion of employees                       | 17                | 2                        |
| Assessment Processing                          | Population                                    | 11                | 0                        |
| Management Support & Personnel Services        | Proportion of employees                       | 4                 | 0                        |
| Administrative Services                        | Proportion of employees                       | 9                 | 1                        |
| Information Technology                         | Proportion of employees                       | 16                | 2                        |
| Total                                          |                                               | 213               | 21                       |

\* Positions per division based on the Bureau's 2000-01 organization chart. Discrepancies between the total number of budgeted positions and the number of positions shown on the organization chart were reconciled to match the budgeted number.

The methodology used to estimate the number of positions providing service to the Harbor is as follows. For the Field Operations division, two groups of staff positions require separate apportionment methodologies. The first are those positions assigned to one of the division's four "District" Operations. The apportionment method used for these positions is based on their geographic location: given that the Bureau's South District fully encompasses the Harbor special reorganization area but includes other regions of the City as well, it is assumed that 50% of the 10 positions assigned to the South District provide services to this Harbor region. Thus 5 South District positions are apportioned to the new Harbor City. As of fiscal year 2000-01, these 5 positions account for roughly 11.3% of all Field Operations division positions assigned to the division's four Districts.

A second group of positions in the Field Operations Division are those not assigned to any of the division's four Districts. These consist of 40 positions that serve the entire City rather than just a specific region. For these positions, "proportion of employees" is the apportionment basis. It is calculated by multiplying the proportion of North District positions as a percentage of positions in all Districts estimated to provide service to the Harbor (11.3%, as calculated above) by the number of positions not assigned to a District (40). This totals 5 positions. These 5 positions are added to the 5 North District positions already apportioned, for a total of 10 Field Operations positions apportioned to the new Harbor City. The logic of this apportionment is that the division's 40 non-District positions primarily support District operations. Since 11.3% of all District positions are located in the Harbor, it is estimated that the same percentage of non-District positions provide services to the Harbor.

For three of the Bureau's divisions – Proposition 218 Compliance and Community Service, Inter-Agency Engineering, and Assessment Processing – the apportionment method used is population: the percentage of City of Los Angeles residents residing in the Harbor is multiplied by the number of



positions in each division. The logic of this apportionment is that these divisions perform functions (e.g., administering lighting assessment districts and public relations) generally on a citywide basis rather than focusing on specific geographic areas. These staff are therefore apportioned proportionately based on the City's population.

Finally, for the Bureau's remaining eight divisions, the number of positions providing service to the Harbor is estimated based on the proportion of employees in the Bureau's other divisions providing services to the Harbor.

#### Sufficiency of Staff Apportioned to Harbor and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Bureau of Street Lighting do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the Bureau's 213 positions, roughly 66.2% are professional/technical. The professional/technical positions consist of Electricians, Analysts, Technicians, Engineers and Engineering Associates. The clerical/administrative category comprises roughly 29% of department staff. It includes Secretaries, Typists, Clerks, various Aides, and other clerical staff. Finally, roughly 4.8% of department staff are either upper management or highly specialized. Among these positions are the Bureau's Director and various Supervisors.

To achieve, at least in percentage terms, a roughly similar mix of skills and experience among department staff in the new Harbor City, the 21 positions apportioned to the Harbor would consist of the following: 14 professional/technical, 6 clerical/administrative, and 1 specialist/management. Given its current mix of position categories, the department appears to contain sufficient staff in each category to allow for such a transfer.

#### **BUREAU OF STREET LIGHTING COMPOSITION OF WORKFORCE**

| <u>Category</u>         | <u>Positions</u> | Percent of   |
|-------------------------|------------------|--------------|
|                         |                  | <u>Total</u> |
| Professional/Technical  | 141              | 66.2%        |
| Clerical/Administrative | 62               | 29.0%        |
| Management/Specialists  | 10               | 4.8%         |
| Total                   | 213              |              |

#### Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Harbor City the facilities, equipment and other assets used by the Bureau to provide services to the Harbor. This would include: (1) the portions of the City's Street Lighting System located within the Harbor special reorganization area; and (2) a proportionate share of all centralized assets used to provide services to the Harbor.

All portions of the City's Street Lighting System located in the Harbor special reorganization areas would be apportioned to the new Harbor City. This would include the roughly 4% of the street lights in the City's Street Lighting System (roughly 8,500 of the total 213,000 street lights in the City System) located in the Harbor as of fiscal year 2000-01.



Also assumed apportioned to the new Harbor City would be a proportionate share of all special assets and equipment based at the Bureau's two centralized facilities – the Bureau's headquarters at 600 S. Spring Street, and the Field Operations Division headquarters located in the mid-City area at 4550 Santa Monica Boulevard. These assets, which include vehicles, cranes, and other heavy equipment used in street lighting operations, would be apportioned to the Harbor based on the percentage of Bureau staff estimated to provide services to the Harbor (9.9%, as discussed above).

#### Transition of Service to New City

It is assumed the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

#### **Projected Expenditures**

The Bureau's projected expenditures for fiscal year 2000-01 are roughly \$15.7 million. As shown in the table below, the majority of department expenditures (roughly 73.4%) are for staff salaries.

#### **CITY OF LOS ANGELES – BUREAU OF STREET LIGHTING USES OF FUNDS**

| <u>Uses of Funds</u>                 | <u>2000-01<br/>Budget</u> |
|--------------------------------------|---------------------------|
| Expenditures:                        |                           |
| Salaries                             | \$ 11,562,072             |
| Expenses                             | 727,602                   |
| Equipment                            | 62,530                    |
| Special Street Lighting Improvements | 3,079,318                 |
| Interdepartmental Charges            | 314,805                   |
| <br>Total Expenditures               | <br>\$ 15,746,327         |

In estimating expenditures for the Bureau of Street Lighting in the new Harbor City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Harbor with responsibility for Bureau of Street Lighting services is estimated to require 21 positions throughout the entire planning period.

#### Contractual Services

The Bureau's fiscal year 2000-01 budget for contractual services is \$446,400. The Bureau contracts for both physical construction services related to street lights and traffic signals and for various non-construction services (e.g., financial services). It is assumed that the new Harbor City will require similar contract services, and that the costs of these contract services can be estimated based on the percentage of Bureau staff providing services to the Harbor (9.9%, as calculated above).

#### **Projected Revenues**

The ability of the new Harbor City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Bureau of Street Lighting in the new Harbor City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the Bureau are transferable to the Harbor.

The City of Los Angeles has historically funded the Bureau primarily from the Street Light Maintenance Assessment Fund, but has also relied on several other sources funds. The table below shows the department's sources of funds for fiscal year 2000-01.



**CITY OF LOS ANGELES – BUREAU OF STREET LIGHTING  
SOURCES OF FUNDS**

| <b><u>Sources of Funds</u></b>                   | <b>2000-01<br/><u>Budget</u></b> |
|--------------------------------------------------|----------------------------------|
| City Funds:                                      |                                  |
| General Fund                                     | \$ 0                             |
| Special Gas Tax Street Improvement Fund (5)      | 858,912                          |
| Street Lighting Maintenance Assessment Fund (19) | 14,743,965                       |
| Prop. C Anti-Gridlock Transit Fund (27)          | 143,450                          |
| <br>Total                                        | <br>\$ 15,746,327                |

As the table above indicates, the primary source of funds for the department is the Street Lighting Maintenance Assessment Fund, which accounts for roughly 93.7% of the department's 2000-01 budget. This Fund receives most of its receipts from annual assessments on the properties that benefit from the maintenance and repair of street lights. It is assumed that this revenue source can be transferred to the new Harbor City based on the percentages shown on Table R-8 in Appendix II.

Another element of the new Harbor City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Bureau of Street Lighting in fiscal year 2000-01. The Bureau of Street Lighting in the new Harbor City would similarly generate fees for services it provides, and these fees would be contributed to the Harbor City's general fund.

**BUREAU OF STREET LIGHTING  
GENERAL FUND DEPARTMENTAL RECEIPTS**

| <b><u>Revenue Source</u></b>                | <b>2000-01<br/><u>Budget</u></b> |
|---------------------------------------------|----------------------------------|
| Streets and Curb Permits                    | \$0                              |
| Other Licenses and Permits                  | 0                                |
| Other State Grants/Agreements               | 0                                |
| Other County Grants/Agreements              | 0                                |
| Engineering Fees Inspections Other Services | 0                                |
| Street Sidewalk Curb Repairs                | 0                                |
| Investment Earnings                         | 0                                |
| Miscellaneous Revenues                      | 0                                |
| Reimbursement from other Funds              | 3,440,000                        |
| <br>Total Street Lighting                   | <br>\$ 3,440,000                 |

The amount of General Fund Departmental Receipts currently generated by the Harbor, as well as other general fund receipts that would be contributed to the Harbor City general fund, are discussed in section "Transfer of Revenue."



## **Public Works – Bureau of Street Services**

The Bureau of Street Services performs several functions related to maintaining City streets and other public ways. The Bureau maintains and cleans City streets by removing debris, resurfacing streets, slurry sealing, repairing asphalt, and by providing various engineering services. The Bureau also manages street trees, and removes brush and other debris from City properties and from unimproved private properties. Finally, the Bureau regulates the use of City streets, sidewalks, and other public ways.

### **Distribution of Service within City**

In describing where and how the Bureau delivers services, it is useful to divide its activities into three categories: (1) direct services to the public in the form of maintaining, cleaning, and enhancing City streets and streetscapes; (2) direct services to the public in the form of regulatory and enforcement activities; and (3) various intra-Bureau technical and operations support functions.

The Bureau's direct services include street maintenance, management of street trees, lot cleaning, street resurfacing, engineering, and special projects. The Bureau's street maintenance activities include maintaining and cleaning public streets, alleys, and other public ways. Management of street trees includes tree planting, trimming, and removal. Lot cleaning consists of removing brush and other debris from City properties and, once the property owner has been notified, from unimproved private properties as well. Finally, the Bureau also provides engineering services on City street construction projects, and assists in the construction of special street projects, such as access ramps and streetscapes.

To carry out these direct services, the Bureau divides the City geographically into two large "zones", within which are 24 "street maintenance districts." Each zone consists of 12 street maintenance districts. The boundaries of street maintenance district 101 in Zone 1 conform almost precisely to the boundaries of the Harbor special reorganization area. The Bureau has 35 offices throughout Los Angeles, with its headquarters located in downtown Los Angeles at 600 S. Spring Street. One office is located in the Harbor (1400 N. Gaffey Street, San Pedro).

Another form of direct services the Bureau provides includes several regulatory and enforcement activities. These direct services include regulating the use of City streets and sidewalks, enforcing the City's sidewalk vending regulations, and issuing various permits to allow use of the City's public ways. The Bureau provides these direct services from several offices Citywide.

### **Proposed Apportionment**

The proposed apportionment seeks to provide the new Harbor City with responsibility for the services the Harbor currently receives from the Bureau of Street Services. Such an apportionment could be accomplished by transferring to the new Harbor City: (1) those department personnel that, as of fiscal year 2000-01, provide services to the Harbor; (2) the 1 Bureau facility located within the Harbor special reorganization area, as well as the vehicles and equipment assigned to this facility; and (3) a proportionate share of the centralized assets used to provide operational and administrative support for Bureau services provided in the Harbor.

### **Transfer of City Personnel**

The number of department staff that, as of fiscal year 2000-01, provide services to the Harbor can be estimated based on the current location of staff as well as the estimated workload and service needs in the Harbor. For fiscal year 2000-01 the Bureau has 1,241 budgeted positions. The department is divided into 10 divisions, the functions of which are described in the table below.



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**PUBLIC WORKS – BUREAU OF STREET SERVICES**  
**INTERNAL DIVISION FUNCTIONS**

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| <u>Division</u>        | <u>Function</u>                                                                                                                        |
|------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| Executive (Management) | Provides Bureau-wide management and oversight.                                                                                         |
| Street Tree            | Regulates and maintains street trees, provides emergency tree services, and addresses tree insects and diseases.                       |
| Street Use Inspection  | Enforces City laws related to the use of City streets, sidewalks and public ways; enforces sidewalk vending program.                   |
| Street Maintenance     | Maintains and cleans City streets, alleys, and other public ways.                                                                      |
| Administration         | Provides Bureau-wide administrative support, including budgeting, personnel, payroll, and clerical services.                           |
| Lot Cleaning           | Cleans weeds and other debris from City properties and roadsides, and cleans debris from private property under certain circumstances. |
| Technical Services     | Provides technical and engineering services for all Bureau facilities and special projects.                                            |
| Resurfacing            | Manages and repairs pavement, operates two asphalt plants, and smoothes unimproved streets and alleys.                                 |
| Engineering            | Provides engineering services for the construction of City streets.                                                                    |
| Special Projects       | Constructs special street projects and performs minor bridge and guardrail repairs.                                                    |

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Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Harbor. As shown in the table below, it is estimated that a total of 21 positions provide service to the Harbor. A special reorganization would thus result in 21 positions, or roughly 1.7% of the department's staff, being transferred to the new Harbor City.



**PUBLIC WORKS – BUREAU OF STREET SERVICES  
ALLOCATION OF WORKLOAD AND PERSONNEL**

| <u>Division</u>        | <u>Allocation Method</u>                      | <u>Positions</u> | <u>Harbor Allocation</u> |
|------------------------|-----------------------------------------------|------------------|--------------------------|
| Executive (Management) | Proportion of employees                       | 12               | 0                        |
| Street Tree            | Employee service area/Proportion of employees | 193              | 4                        |
| Street Use Inspection  | Employee service area/Proportion of employees | 61               | 1                        |
| Street Maintenance     | Employee service area/Proportion of employees | 496              | 9                        |
| Administration         | Proportion of employees                       | 41               | 1                        |
| Lot Cleaning           | Employee service area/Proportion of employees | 101              | 2                        |
| Technical Services     | Proportion of employees                       | 27               | 0                        |
| Resurfacing            | Employee service area/Proportion of employees | 219              | 3                        |
| Engineering            | Proportion of employees                       | 18               | 0                        |
| Special Projects       | Proportion of employees                       | 73               | 1                        |
| Total                  |                                               | 1,241            | 21                       |

The methodology used to estimate the number of positions providing service to the Harbor is as follows. For five of the Bureau's divisions – Street Tree, Street Use, Street Maintenance, Lot Cleaning, and Resurfacing – two groups of positions within each division require separate apportionment methodologies. These two groups of positions are: (1) those assigned to specific geographic service areas; and (2) those not assigned to specific geographic service areas. Only the apportionment of the Street Maintenance division is described in detail below, as this same apportionment logic applies equally to the Bureau's other four divisions apportioned using a similar methodology.

As stated above, two groups of positions in the Street Maintenance division require separate apportionment methodologies. The first group consists of those personnel assigned to specific geographic services areas and therefore could be apportioned based on these service areas. To deliver services, the Street Maintenance division divides the City into four "Areas": North Central, Bay Harbor, East Valley, and West Valley. As discussed above, the boundaries of street maintenance district 101, which is one of six districts in the Bay Harbor Maintenance Area, conform almost precisely to the boundaries of the Harbor special reorganization area. Thus all positions in the Street Maintenance division assigned to street maintenance district 101 are apportioned to the new Harbor City. This totals 9 positions, or 1.9%, of the 487 positions in the division assigned to a specific geographic service areas.

The second group of positions consists of those not assigned to specific geographic service areas. These 9 positions, which are associated with overall division management, are apportioned to the new Harbor City on a "proportion of employees" basis by applying the percentage of geographic-specific positions located within the proposed Harbor boundaries (1.9%) as calculated above. Taking 1.9% of these 9 positions results in an apportionment of no positions to the Harbor from this group. Thus a total of 9 positions from the division would be transferred to the new Harbor City.

For the Bureau's remaining five divisions – Executive, Administration, Technical Services, Engineering, and Special Projects – the number of positions providing service to the Harbor is estimated based on the proportion of employees in the Bureau's other divisions providing services to the Harbor. The logic of this apportionment is that these five divisions largely support the activities carried out by the divisions that include geographic-specific positions. Thus the percentage of staff



within geographic-specific divisions that provide services to the Harbor is a reasonable indicator of the percentage of staff in the remaining support divisions that provide services to the Harbor.

The department has also budgeted for a large number of “as needed” positions for fiscal year 2000-01. A proportional amount of the cost for these positions is assumed transferred to the Harbor City in proportion to the number of budgeted staff transferred.

#### Sufficiency of Staff Apportioned to Harbor and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Bureau of Street Services do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the Bureau's 1,241 positions, roughly 57.4% are professional/technical. The professional/technical positions consist of Supervisors, Operators, Analysts, Engineering Associates, and various other technical personnel. The clerical/administrative category comprises roughly 39.9% of department staff. It includes Secretaries, Typists, Clerks, various Aides, Workers, and other support staff. Finally, roughly 2.7% of department staff are either upper management or highly specialized. These positions include those titled Manager and Superintendent.

To achieve, at least in percentage terms, a roughly similar mix of skills and experience among department staff in the new Harbor City, the 21 positions apportioned to the Harbor would consist of the following: 12 professional/technical, 8 clerical/administrative, and 1 specialist/management. Given its current mix of position categories, the department appears to contain sufficient staff in each category to allow for such a transfer.

#### **BUREAU OF STREET SERVICES COMPOSITION OF WORKFORCE**

| <u>Category</u>         | <u>Positions</u> | Percent of   |
|-------------------------|------------------|--------------|
|                         |                  | <u>Total</u> |
| Professional/Technical  | 713              | 57.4%        |
| Clerical/Administrative | 495              | 39.9%        |
| Management/Specialists  | 33               | 2.7%         |
| Total                   | 1,241            |              |

#### Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Harbor City the facilities, equipment and other assets used by the Bureau to provide services to the Harbor. This would include: (1) the Bureau's 1 facility located in the Harbor, as well as the equipment and other assets located at this facility; and (2) all elements of the City street system and other public ways maintained by the Bureau located within the Harbor special reorganization area.

The one Bureau facility located in the Harbor, as well as the Bureau divisions that utilize this facility as of fiscal year 2000-01, is listed in the table below. This facility, as well as the equipment, vehicles (e.g., street sweepers), and other assets assigned to this facility, are assumed to be apportioned to the proposed Harbor City.



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**BUREAU OF STREET SERVICES  
FACILITIES LOCATED IN THE HARBOR**

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| <u>Facility</u> | <u>Facility Address</u>          | <u>Divisions</u>                 |
|-----------------|----------------------------------|----------------------------------|
| Harbor          | 1400 N. Gaffey Street, San Pedro | Lot Cleaning, Street Maintenance |

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Finally, all City streets and other public ways maintained by the Bureau that are located in the Harbor special reorganization areas would be apportioned to the new Harbor City. This would include the roughly 258 street miles that, as of fiscal year 2000-01, are located in the Harbor area.

Transition of Service to New City

It is assumed the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

**Projected Expenditures**

The Bureau's projected expenditures for fiscal year 2000-01 are roughly \$133.9 million. As shown in the table below, salaries and expenses constitute most of the Bureau's expenditures. The major expense items include construction expenses, contractual services, and operating supplies.

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**CITY OF LOS ANGELES – BUREAU OF STREET  
SERVICES  
USES OF FUNDS**

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| <u>Uses of Funds</u>      | <u>2000-01<br/>Budget</u> |
|---------------------------|---------------------------|
| Expenditures:             |                           |
| Salaries                  | \$ 68,097,424             |
| Expenses                  | 62,654,669                |
| Equipment                 | 132,465                   |
| Interdepartmental Charges | 3,012,958                 |
| Total Expenditures        | \$ 133,892,720            |

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In estimating expenditures for the Bureau of Street Services in the new Harbor City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Harbor with responsibility for the services it receives from the Bureau of Street Services is estimated to require 21 positions throughout the entire planning period.

Contractual Services

The Bureau's fiscal year 2000-01 budget for contractual services is \$17.4 million. The Bureau contracts for various personal services, such as asphalt recycling, waste removal, tree trimming, and hauling. It is assumed that the new Harbor City will require similar contract services, and that the costs of these contract services can be estimated based on the percentage of Bureau staff providing services to the Harbor (1.7%, as calculated above).

Departmental Start-Up Costs

The department would require the provision of office space, and would need to be incorporated in the new city's payroll, accounting, and information systems. The overall planning for the start-up of the department would also require interim, dedicated staff or consultant resources. These base start-up costs, which are expected to be incurred by almost all functions transferring to the new city, are accounted for in section "Start-Up Costs."



## Projected Revenues

The ability of the new Harbor City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Bureau of Street Services in the new Harbor City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the Bureau are transferable to the Harbor.

The City of Los Angeles has historically funded the Bureau primarily from the General Fund and the Special Gas Tax Street Improvement Fund, but has also relied on several other funding sources. The table below shows the department's sources of funds for fiscal year 2000-01.

### CITY OF LOS ANGELES – BUREAU OF STREET SERVICES SOURCES OF FUNDS

| <u>Sources of Funds</u>                     | <u>2000-01<br/>Budget</u> |
|---------------------------------------------|---------------------------|
| City Funds:                                 |                           |
| General Fund                                | \$ 34,607,298             |
| Traffic Safety Fund (4)                     | 9,975,963                 |
| Special Gas Tax Street Improvement Fund (5) | 67,486,547                |
| Stormwater Pollution Abatement Fund (7)     | 4,879,818                 |
| Community Development Trust Fund (8)        | 1,792,591                 |
| Proposition A Local Transit Fund (26)       | 1,984,379                 |
| Prop. C Anti-Gridlock Transit Fund (27)     | 11,000,000                |
| Bus Bench Advertising Program Fund (29)     | 134,616                   |
| Street Banners Trust Fund (29)              | 191,391                   |
| Street Damage Restoration Fee Fund (47)     | 1,840,117                 |
| Total                                       | \$ 133,892,720            |

In addition to the City's General Fund, the City has budgeted funding for the Bureau from certain Special Purpose Funds. As further discussed in section "Transfer of Revenue," the City's Special Purpose Funds account for the use of funds that are restricted to specified purposes. For example, the Stormwater Pollution Abatement Fund accounts for revenue from the Stormwater Pollution Abatement Charge, which must be used for stormwater-related activities.

It is assumed that the City's special purpose revenue sources can be transferred to the Harbor based on the percentages shown on Table R-8 in Appendix II.

Another element of the new Harbor City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Bureau of Street Services in fiscal year 2000-01. It is assumed that the receipts associated with related costs will be available to the new Harbor City based on the percentage of citywide employees that would be transferred.



**BUREAU OF STREET SERVICES  
GENERAL FUND DEPARTMENTAL RECEIPTS**

| <u>Revenue Source</u>                       | <u>2000-01<br/>Budget</u> |
|---------------------------------------------|---------------------------|
| Assessments                                 | \$ 1,200,000              |
| Streets and Curb Permits                    | 881,150                   |
| Other Licenses and Permits                  | 300,000                   |
| Other State Grants/Agreements               | 200,000                   |
| Reimbursement from other Agencies           | 0                         |
| Engineering Fees Inspections Other Services | 10,000                    |
| Street Sidewalk Curb Repairs                | 790,750                   |
| Quasi-External Transaction                  | 140,000                   |
| Other Current Service Charges               | 0                         |
| Other Fines                                 | 200,000                   |
| Miscellaneous Revenues                      | 17,000                    |
| Reimbursement from other Funds              | 11,780,333                |
| <b>Total Street Services</b>                | <b>\$ 15,519,233</b>      |



## **Transportation**

The Department of Transportation plans and operates the City's street system, enforces City laws related to parking and street use, and oversees all City transit services.

### **Distribution of Service within City**

The Department of Transportation's activities can be divided into three categories: (1) direct services to the public in the form of traffic management, parking services, and transit services; (2) direct services to the public in the form of regulatory and enforcement activities related to parking, franchise agreements, taxicabs and other for-hire vehicles; and (3) several intra-department technical and operations support functions.

Within the first category of direct services, one area of department activities is known as "traffic management." Traffic management has both a planning and an operating component. The planning component includes the taking of traffic surveys and intersection traffic counts, analyzing roadway characteristics, investigating the causes of traffic accidents, and overall planning of the City's street system. The operating component covers many department activities, one of the most significant being oversight and maintenance of the City's traffic signals. This includes operating the City's Automated Traffic Surveillance and Control System (ATSAC), a computer-controlled traffic signal system that, as of fiscal year 2000-01, has been installed at 2,750 of the City's 4,399 signalized intersections. Other operations-related traffic management activities include responsibility for road markings, traffic signs, and crossing guard services.

With respect to parking, the department manages the City's on-street and off-street parking system. The department maintains roughly 42,500 parking meters (both on- and off-street) citywide. The department also operates 115 off-street parking facilities with a total of 7,358 parking spaces. Of these, 8 facilities and 404 spaces, or 5.5% of all off-street facility spaces, are located in the Harbor area. (Parking facilities are discussed in greater detail in the "Proposed Apportionment" section below.)

In the area of transit, the department provides transit service through four transit lines. These transit services, which are operated by private firms under contract, include the Commuter Express, DASH, Community Connection, and Cityride.

A second category of direct services the department provides includes several regulatory and enforcement activities. These direct services include the enforcement of City parking laws and the issuance of parking citations. These services also include regulating the rates charged and services provided by taxicabs, ambulances, and sight-seeing vehicles. Finally, the department regulates privately-owned utilities, and prepares and enforces the provisions of 37 oil pipeline franchises.

To carry out its direct services, the department has several distinct methods of dividing the City geographically. For parking enforcement functions, for example, the department divides the City into five Enforcement Areas, with the Harbor Parking Enforcement Area encompassing the Harbor special reorganization area. Department staff providing direct services are deployed in offices citywide, with department headquarters being downtown at 221 N. Figueroa Street. There are two department offices located in the Harbor. (These facilities are discussed in greater detail in the "Proposed Apportionment" section below.)

The third broad area of department activity includes technical and operations support functions. These include providing various kinds of support – administrative, personnel, budgeting, information systems – for department operations. All staff providing these internal support services are located in the department's downtown offices.

### **Proposed Apportionment**

The proposed apportionment seeks to have the new Harbor City assume responsibility for the services the Harbor currently receives from the Department of Transportation. Such an



apportionment could be accomplished by transferring to the new Harbor City: (1) those department personnel that, as of fiscal year 2000-01, provide services to the Harbor, with the exception of staff associated with the ATSAC system. As discussed below, it is assumed that the City of Los Angeles would continue to operate the ATSAC system and that all ATSAC-related position in the department would remain City employees. The Harbor City would thus be required to contract with the City of Los Angeles for the operation of ATSAC services in the Harbor; (2) all department facilities located in the Harbor, as well as the equipment and other assets located at or assigned to those facilities; (3) all infrastructure assets maintained and operated by the department that are located in the Harbor; (4) all transit vehicles that provide services to the Harbor; and (5) a proportionate share of the centralized assets used to provide direct administrative support for the department.

#### Transfer of City Personnel

The number of department staff that, as of fiscal year 2000-01, provide services to the Harbor can be estimated based on the current location of staff as well as the estimated workload and service needs in the Harbor. For fiscal year 2000-01 the department has 1,472 budgeted positions, 12 of which are Commissioners. The department is divided into 12 divisions, the functions of which are described in the table below.

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### **DEPARTMENT OF TRANSPORTATION INTERNAL DIVISION FUNCTIONS**

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| <b><u>Division</u></b>                                   | <b><u>Function</u></b>                                                                                                                                                                                               |
|----------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Management                                               | Provides department-wide oversight and management.                                                                                                                                                                   |
| Bureau of Information Systems                            | Develops and supports the Department's computer hardware and software systems.                                                                                                                                       |
| Bureau of Administrative Services                        | Responsible for personnel, accounting and budgeting, and other administrative support functions.                                                                                                                     |
| Bureau of Project Development and Implementation         | Responsible for planning special transportation and transit priority lane projects; also oversees City's involvement in regional Call for Projects process and project finance issues related to Propositions A & C. |
| Bureau of Transportation Programs and Development Review | Responsible for medium- and long-range transportation planning, for all land development approval functions, and for coordination with non-City transportation planning agencies.                                    |
| Bureau of Transit Programs and Franchise Regulations     | Responsible for transit planning, for managing the City's transit programs (e.g., DASH), and for regulating and monitoring taxicabs and other for-hire vehicles.                                                     |
| Bureau of Traffic Management                             | Plans City's system of traffic control devices, plans and implements traffic controls for special events.                                                                                                            |
| Bureau of Field Operations                               | Installs and maintains all City traffic control devices.                                                                                                                                                             |
| Bureau of Transportation Design and ATSAC                | Prepares and designs signal and striping plans; plans, designs, and operates City ATSAC traffic signal system.                                                                                                       |
| Bureau of Parking Enforcement and Intersection Control   | Enforces City parking regulations and issues parking citations.                                                                                                                                                      |
| Bureau of Parking Regulations and Special Operations     | Processes and tracks parking citations, collects parking fines, and schedules administrative hearings; also plans for certain special parking and traffic control needs.                                             |
| Bureau of Parking Operations Support                     | Provides support services for department's parking-related functions, including scheduling of traffic control officers and processing service requests.                                                              |

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Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Harbor. As shown in the table below, it is estimated that a total of 38 positions provide service to the Harbor. A special reorganization would thus result in 38 positions, or roughly 2.6% of the department's staff, being transferred to the new Harbor City.

**DEPARTMENT OF TRANSPORTATION  
ALLOCATION OF WORKLOAD AND PERSONNEL**

| <u>Division</u>                                          | <u>Allocation Method</u>                      | <u>Positions*</u> | <u>Harbor Allocation</u> |
|----------------------------------------------------------|-----------------------------------------------|-------------------|--------------------------|
| Management                                               | Proportion of employees                       | 13                | 0                        |
| Bureau of Information Systems                            | Proportion of employees                       | 44                | 1                        |
| Bureau of Administrative Services                        | Proportion of employees                       | 88                | 2                        |
| Bureau of Project Development and Implementation         | Proportion of employees                       | 38                | 2                        |
| Bureau of Transportation Programs and Development Review | Employee service area/Population              | 25                | 1                        |
| Bureau of Transit Programs and Franchise Regulations     | Location of service/Population                | 62                | 4                        |
| Bureau of Traffic Management                             | Employee service area/Proportion of employees | 63                | 3                        |
| Bureau of Field Operations                               | Employee service area/Proportion of employees | 268               | 10                       |
| Bureau of Transportation Design and ATSAC                | Location of service/Proportion of employees   | 89                | 2                        |
| Bureau of Parking Enforcement and Intersection Control   | Employee service area/Proportion of employees | 628               | 11                       |
| Bureau of Parking Regulations and Special Operations     | Proportion of employees                       | 73                | 1                        |
| Bureau of Parking Operations Support                     | Proportion of employees                       | 69                | 1                        |
| Total                                                    |                                               | 1,460             | 38                       |

\* Number of positions per division based on the 2000-01 organization chart and excludes 12 Commissioners.

Discrepancies between the number of budgeted positions for fiscal year 2000-01 and the number of positions on the organization chart were reconciled to match the number of budgeted positions.

The methodology used to estimate the number of positions providing service to the Harbor is as follows. For four divisions – Transportation Programs and Development Review, Traffic Management, Field Operations, and Parking Enforcement and Intersection Control, and Parking Operations Support – a distinction is made between those assigned to specific geographic service areas and those not assigned to specific geographic service areas. Only the apportionment of positions from the Bureau of Field Operations is described in detail below, as this same apportionment logic applies equally to the department's other four Bureaus that are apportioned using a similar methodology.

As stated above, two groups of positions in the Bureau of Field Operations require separate apportionment methodologies. The first group consists of those assigned to specific geographic services areas and therefore apportioned based on these service areas. To deliver services, the Field Operations Bureau divides the City into three "Traffic Signal Construction and Maintenance" areas (TSCMs): Central Area, Western Area, and Valley Area. The Harbor special reorganization area is



part of the Central Area TSCM. For these distributed positions, those responsible for traffic signal construction and maintenance are apportioned to the Harbor based on the percentage of traffic signals Citywide that are located in the Harbor special reorganization area, which is roughly 3.5%. Those responsible for non-traffic signal field operations, such as maintenance of traffic signs and pavement, are apportioned to the Harbor based on the percentage of traffic signs and pavement markings located in the Harbor area, which is 3.75%. Applying these percentages would result in the transfer of 7 positions, or 3.6%, of the 197 positions in the Bureau assigned to specific geographic service areas.

The second group of positions consists of those not assigned to a specific geographic service area, excluding those positions associated with the ATSAC system. These 71 positions, which are associated with the overall division management and specific technical functions, are apportioned to the new Harbor City on a “proportion of employees” basis by applying the same percentages as those applied to geographic-specific positions (3.5% and 3.75%, respectively) as calculated above. Applying these percentages (and rounding) results in an apportionment of 3 positions to the Harbor from this group. Adding these 3 positions to the 7 positions calculated above results in a total apportionment of 10 positions. The logic of this apportionment is that the Field Operations Bureau management and special technical positions primarily support the division’s geographic-specific operations. Since 3.5% of one group and 3.75% of another group of the geographic-specific positions provide services to the Harbor, it is estimated that these same percentages of the Bureau’s management and special technical positions provide services to the Harbor.

Like Field Operations, two other Bureaus within the department – Transit Programs and Franchise Regulations as well as Transportation Design and ATSAC – each contain two groups of positions that require separate apportionment methodologies. For Transit Programs and Franchise Regulations, one group consists of 32 positions involved in administering the City’s transit programs.<sup>49</sup> These positions are apportioned based on the proportion of bus routes on the Commuter Express, DASH, and Community Connection transit lines in which any portion of the route traverses the Harbor special reorganization area. Analysis of bus routes shows that 5 of the 52 routes, or 9.6%, on these three transit lines have at least some portion traversing the Harbor. It is thus estimated that 9.6% of the 32 positions that administer the City’s transit programs, or 3 positions, provide services to the Harbor.

The second group of positions in the Transit Programs and Franchise Regulations Bureau consist of 30 positions responsible for regulating taxicabs and other for-hire vehicles as well as overseeing franchise agreements between the City and firms with underground pipelines within City boundaries. These positions are apportioned based on population: the proportion of the City’s population residing in the Harbor area (4.12%) is multiplied by 30, for an apportionment of 1 position to the new Harbor City. The logic of this apportionment is that the functions these positions perform – regulating for-hire vehicles and administering franchises related to underground pipelines – affect the entire City, thus these services are not concentrated in any single geographic area. It is therefore appropriate to apportion these positions in relation to the City’s population as a whole. Finally, adding this 1 position to the 3 positions from the first group results in a Bureau-wide apportionment of 4 positions to the new Harbor City.

The Transportation Design and ATSAC Bureau also has two groups of positions that require separate apportionment methodologies. The first group is the ATSAC Operations and ATSAC Design/Construction Divisions. For this group, no positions are apportioned to the Harbor due to the assumption in this report that the City of Los Angeles will continue to operate the ATSAC system. (See section “Transfer of Equipment and Facilities” below for further discussion of this assumption.)

The second group of positions consist of those in the Bureau’s Design Division. These 39 positions are involved in designing and preparing the plans for the City’s entire network of traffic signals and street stripes. Because these positions are responsible for the City’s entire striping and signal

<sup>49</sup> The positions within the Bureau involved in administering the City’s transit programs include those in the Transit Project Development and Transit Operations Divisions.



network, the apportionment is based on the proportion of employees in the Field Operations Bureau that provide services to the Harbor. Applying this percentage (3.7%, as calculated above) to these 39 positions results in 2 positions being apportioned to the Harbor, resulting in a Bureau-wide apportionment of 2 positions to the new Harbor City.

For the remaining divisions within the department – Management, Information Systems, Administrative Services, Project Development and Implementation, and Parking Regulations and Special Operations – the apportionment is made on a “proportion of employees” basis, although the apportionment method varies somewhat depending on the division. For the Bureau of Project Development and Implementation, the apportionment is based on the proportion of employees apportioned to the Harbor in the two Bureaus whose functions the Bureau of Project Development and Implementation largely supports – the Bureau of Transportation Programs and Development Review and the Bureau of Transit Programs and Franchise Regulations. A similar logic is used to apportion positions in the Bureau of Parking Regulations and Special Operations, although it is based on the proportion of employees apportioned to the Harbor in the Bureau of Parking Enforcement and Intersection Control and the Bureau of Parking Operations Support.

Finally, for the remaining three divisions – Management, Information Services, and Administrative Services– the number of positions providing service to the Harbor is estimated based on the proportion of employees in all of the department’s other divisions providing services to the Harbor.

The department has also budgeted for a relatively large amount (\$6.0 million in fiscal year 2000-01) for “as needed.” A proportional amount of the cost for these positions is assumed transferred to the Harbor City in the same percentage as the number of budgeted staff transferred.

#### Sufficiency of Staff Apportioned to Harbor and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Department of Transportation do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the department’s 1,460 non-Commissioner positions, roughly 39.4% are professional/technical. The professional/technical positions consist of Analysts, Engineers and Engineer Associates, Accountants, Planners, and various information systems personnel. The administrative/support category comprises roughly 58.1% of department staff. It includes Clerks, Laborers, Traffic Officers, and Painter/Posters. Finally, roughly 2.5% of department staff are either upper management or highly specialized. These consist of General Managers, Assistant General managers, and various “Chief” positions.

To achieve, at least in percentage terms, a roughly similar mix of skills and experience among department staff in the new Harbor City, the 38 positions apportioned to the Harbor would consist of the following: 15 professional/technical, 22 administrative/support, and 1 specialist/management. Given its current mix of position categories, the department appears to contain sufficient staff in each category to allow for such a transfer.



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**DEPARTMENT OF TRANSPORTATION  
COMPOSITION OF WORKFORCE**

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| <u>Category</u>         | <u>Positions</u> | Percent of   |
|-------------------------|------------------|--------------|
|                         |                  | <u>Total</u> |
| Professional/Technical  | 575              | 39.4%        |
| Clerical/Administrative | 848              | 58.1%        |
| Management/Specialists  | 37               | 2.5%         |
| Total                   | 1,460            |              |

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Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Harbor City the facilities, equipment and other assets that provide services to the Harbor. This would include transferring (1) the two department facilities located in the Harbor area; (2) all infrastructure assets maintained and/or operated by the department that are located in the Harbor, including traffic signals, street signs, parking meters, and parking lots; (3) a proportionate share of the City-owned transit vehicles that provide services to the Harbor; (4) the data and/or information systems the department uses to provide services to the Harbor; and (5) a proportionate share of the centralized assets that provide direct administrative and technical support for the department.

With respect to facilities, the table below lists the two department facilities located in the Harbor. These facilities, as well as the equipment and other assets located at these facilities, would be apportioned to the new Harbor City.

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**DEPARTMENT OF TRANSPORTATION  
FACILITIES LOCATED IN HARBOR**

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| <u>Facility Address</u>                 | <u>Functions/Divisions at Facility</u>                                         |
|-----------------------------------------|--------------------------------------------------------------------------------|
| 638 Beacon Street, San Pedro 90731      | Bureau of Traffic Management – Southern District                               |
| 435 N. Neptune Avenue, Wilmington 90744 | Bureau of Parking Enf. & Intersection Control – Southern Crossing Guard Office |

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The department also maintains and/or operates several kinds of infrastructure and other transportation-related hard assets that are located in the Harbor. A first category of such assets is traffic signals. As of fiscal year 2000-01, the department maintains 4,285 traffic signals citywide, of which 150, or 3.5%, are located in the Harbor and would therefore be transferred to the new Harbor City. Not transferable to the Harbor, however, is the ATSAC Operations Center, located at Los Angeles City Hall. The ATSAC Operations Center is the centralized traffic management center that contains the computer and communications equipment that operates the ATSAC signal system's various features, such as real-time changes to signal timing. As of fiscal year 2000-01 2,750 signalized intersections Citywide are connected to the ATSAC system, of which 75, or roughly 2.7% are located in the Harbor. In order to benefit from ATSAC, the new Harbor City would either have to create a new traffic management center or form an agreement to have the City of Los Angeles continue to operate the Harbor traffic signals connected to the ATSAC system. This report assumes that if a special reorganization occurs, the City of Los Angeles will continue to operate the entire ATSAC system, and that the Harbor will contract with the City for the operation of the system.

A second category of infrastructure assets is the City's roads and related road improvements. As of fiscal year 2000-01, the department has responsibility for 6,440 miles of paved roadway within the City, of which 258 miles, or 4.0%, is located in the Harbor. Along the Harbor's paved roads are



roughly 24,344 traffic signs and hundreds of pavement and curb markings. All these Harbor-located roads and related road improvements would be transferred to the new Harbor City.

A third category of department infrastructure assets is parking meters and parking lots. The department maintains roughly 42,500 parking meters (both on- and off-street) citywide. The department also operates 115 off-street parking facilities with a total of 7,358 parking spaces. Of these, 8 facilities and 404 spaces, or 5.5% of all spaces, are located in the Harbor. A list of these Harbor-located parking facilities appears in the table below. These facilities, as well as the parking meters in the Harbor, would be transferred to the new Harbor City.

**DEPARTMENT OF TRANSPORTATION  
OFF-STREET PARKING FACILITIES LOCATED  
IN HARBOR**

| <b><u>Parking Facility Address</u></b> | <b><u>Total<br/>Spaces</u></b> |
|----------------------------------------|--------------------------------|
| 445 West 5 <sup>th</sup> Street        | 26                             |
| 460 West 7 <sup>th</sup> Street        | 86                             |
| 500 South Mesa Street                  | 50                             |
| 928 Marine Avenue                      | 40                             |
| 474 West 8 <sup>th</sup> Street        | 46                             |
| 462 West 9 <sup>th</sup> Street        | 102                            |
| 833 Avalon Boulevard                   | 14                             |
| 529 11 <sup>th</sup> Street            | 40                             |

Transit vehicles are another broad area of assets owned by the department that provide services to the Harbor. These vehicles are used for the City's four transit lines that provide bus service: DASH, Commuter Express, Community Connection, and Cityride. The City does not operate these bus lines nor maintain the vehicle fleet; these activities are accomplished through private firms under contract. As of June 2000, the active City-owned fleet includes 354 vehicles, ranging from full-size buses to smaller paratransit vehicles that provide "Dial-A-Ride" services to senior citizens and the handicapped.

To apportion the City's 354 transit vehicles, the analysis of the proportion of City bus routes in which a portion of the route traverses the Harbor, discussed in the "Transfer of City Personnel" subsection above, is applied. This analysis indicates that 9.6% of bus routes on the Commuter Express, DASH, and Community Connection transit lines have a portion of the route that traverses the Harbor. It is therefore estimated that 9.6% of the City-owned transit fleet provide services to the Harbor. This would result in 34 transit vehicles being apportioned to the new Harbor City.

A final group of assets utilized by the department to provide services to the Harbor include several databases and information systems. The table below lists the key database and information systems utilized by the department. It is assumed that the data maintained in department databases could be transferred to the Harbor City. It is also assumed that the City's World Wide Web traffic information application is not transferable to the Harbor, as this application's functionality requires the ATSAC system's centralized traffic management center.



## DEPARTMENT OF TRANSPORTATION KEY INFORMATION SYSTEMS\*

| <u>Name of System/Database</u>                      | <u>Function</u>                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Traffic Accident Information System                 | Contains traffic accident data for street intersections since 1970; data through 1993 exists in COBOL system; data comes from state accident files and City police reports; City owns software.                                                                                                       |
| Parking Citation Processing System                  | City contracts with Lockheed Martin (who developed and owns the system software application) for parking citation processing; City owns data.                                                                                                                                                         |
| Roadway Characteristics & Traffic Control Inventory | Databases of where traffic controls (e.g., curb markings, traffic signs, traffic signals) are located and maintenance history; data maintained in City-owned legacy software application.                                                                                                             |
| World Wide Web Traffic Information                  | City-owned application that provides real-time traffic information accessible on the Internet, with traffic information updated every two minutes; this system's functionality currently requires ATSAC system's centralized traffic management center & distributed sensor and surveillance network. |
| Manual Traffic Count File                           | Database containing traffic count information for intersections throughout the City; City owns data.                                                                                                                                                                                                  |

\* This list excludes the ATSAC system, which is discussed elsewhere in this chapter

### Transition of Service to New City

It is assumed the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

### **Projected Expenditures**

The Department of Transportation's projected expenditures for fiscal year 2000-01 are roughly \$107.8 million. As shown in the table below, salaries and expenses constitute almost all of the department's expenditures.

## CITY OF LOS ANGELES – DEPARTMENT OF TRANSPORTATION USES OF FUNDS

| <u>Uses of Funds</u>      | <u>2000-01<br/>Budget</u> |
|---------------------------|---------------------------|
| Expenditures:             |                           |
| Salaries                  | \$ 81,382,654             |
| Expenses                  | 22,212,857                |
| Equipment                 | 110,660                   |
| Interdepartmental Charges | 4,108,690                 |
| Total Expenditures        | \$ 107,814,861            |

In estimating expenditures for the Department of Transportation in the new Harbor City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Harbor with the services it receives from the department is estimated to require 38 positions throughout the entire planning period.



### Contractual Services

The department's fiscal year 2000-01 budget for contractual services is \$13.8 million. The department has ongoing contracts for several kinds of services. These include transit services such as the maintenance and operation of the City's transit lines, a charter bus program, and SMART Shuttle services. They also include contracts in the area of parking operations for such services as parking citation processing and parking lot operation. And the department also contracts for landscape and streetscape improvements and for taxicab refranchising.

It is assumed that the new Harbor City will require similar contract services, and that the costs of these contract services can be estimated based on the percentage of department staff providing services to the Harbor (2.6%, as calculated above).

In addition to the contract services discussed above, it is also assumed that the Harbor will contract with the City of Los Angeles to operate the elements of the ATSAC system located in the Harbor. Based on the proportion of the City's signalized intersections connected to the ATSAC system that are located in the Harbor, it is estimated that the Harbor would contract for the equivalent of 2 positions for ATSAC-related services.<sup>50</sup> Based on an average per-employee salary of \$51,607, and an overhead ("CAP") rate of 82.4%, it is estimated that annual contract costs for these services would be roughly \$188,000.<sup>51</sup>

### Departmental Start-Up Costs

The department would require the provision of office space, and would need to be incorporated in the new city's payroll, accounting, and information systems. The overall planning for the start-up of the department would also require interim, dedicated staff or consultant resources. These base start-up costs, which are expected to be incurred by almost all functions transferring to the new city, are accounted for in section "Start-Up Costs."

### **Projected Revenues**

The ability of the new Harbor City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Department of Transportation in the new Harbor City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the department are transferable to the Harbor.

The City of Los Angeles has historically funded the department primarily from the General Fund, but has also relied on several other funding sources. The table below shows the department's sources of funds for fiscal year 2000-01.

<sup>50</sup> The number of positions was calculated based on a fiscal 2000-01 figure of 2.7% of all ATSAC signalized intersection being located in the Harbor. This factor was then applied proportionately to the 59 positions in the department with direct responsibility for ATSAC.

<sup>51</sup> CAP Rate calculated using City of Los Angeles 2000-01 indirect cost rates for Transportation Department employees. The rate consists of the sum of the Fringe Benefit rate (24.24%), Central Services (40.9%), and Department Administration and Support (17.25%).



**CITY OF LOS ANGELES – DEPARTMENT OF TRANSPORTATION  
SOURCES OF FUNDS**

| <u>Sources of Funds</u>                     | <u>2000-01<br/>Budget</u> |
|---------------------------------------------|---------------------------|
| City Funds:                                 |                           |
| General Fund                                | \$ 82,308,201             |
| Traffic Safety Fund (4)                     | 8,826,630                 |
| Special Gas Tax Street Improvement Fund (5) | 3,732,865                 |
| Mobile Source Air Poll. Reduction Fund (10) | 520,208                   |
| Special Parking Revenue Fund (11)           | 5,850,000                 |
| Prop. A Local Transit Fund (26)             | 2,370,461                 |
| Prop. C Anti-Gridlock Transit Fund (27)     | 4,127,000                 |
| Warner Center Transportation Dev. Fund (29) | 79,496                    |
| <br>Total                                   | <br>\$ 107,814,861        |

It is assumed that each of these revenue sources can be transferred to the new Harbor City based on the percentages shown on Table R-8 in Appendix II. One potential issue related to the department's Special Purpose Fund revenues, however, is the effect on the City's transit services resulting from the transfer of Proposition A and Proposition C revenues to the Harbor City. Both Prop. A and Prop. C monies accrue to cities in Los Angeles County based on population. Thus upon a special reorganization the Harbor City would receive, and the City of Los Angeles would lose, roughly 4.12% of the revenues from these sources currently received by the City of Los Angeles. As is discussed further in section "Findings of the Initial Fiscal Analysis - Impact on Adequacy of Service," the City's loss of these revenues could diminish its capacity to fund certain transit services in certain areas of the City.

Another element of the new Harbor City's ability to fund its operations is the amount of funds each department contributes to the General Fund. Departments generally make such contributions by charging fees for services they perform, and then contributing those fees to the General Fund. A department's contribution of such funds to the General Fund is referred to as "General Fund Departmental Receipts." The following table shows the General Fund Departmental Receipts contributed by the City of Los Angeles Department of Transportation in fiscal year 2000-01. It is assumed that the receipts associated with related costs will be available to the new Harbor City, based on the percentage of citywide employees that would be transferred.



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**DEPARTMENT OF TRANSPORTATION  
GENERAL FUND DEPARTMENTAL RECEIPTS**

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| <u>Revenue Source</u>                       | <u>2000-01<br/>Budget</u> |
|---------------------------------------------|---------------------------|
| Streets and Curb Permits                    | \$ 190,000                |
| Other Licenses and Permits                  | 1,480,600                 |
| Other State Grants/Agreements               | 0                         |
| Federal Aid Urban Program                   | 0                         |
| Other Intergovernmental Federal             | 0                         |
| Reimbursement from other Agencies           | 0                         |
| Revenue from other Agencies                 | 0                         |
| Other General Government Services           | 30,000                    |
| Engineering Fees Inspections Other Services | 70,000                    |
| Street Sidewalk Curb Repairs                | 721,000                   |
| Parking Facilities                          | 0                         |
| Other Current Service Charges               | 522,000                   |
| Forfeitures and Penalties                   | 0                         |
| Contributions from Non-Government Sources   | 8,000                     |
| Miscellaneous Revenues                      | 5,000                     |
| Reimbursement from other Funds              | 10,253,341                |
| Other Financing Sources                     | 0                         |
| <br>Total Transportation                    | <br>\$ 13,279,941         |

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## Non-Departmental

### 2000 Tax and Revenue Anticipation Notes

The City has historically relied on the use of Tax and Revenue Anticipation Notes to fund General Fund cash flow deficits over the course of the fiscal year. Municipalities typically face cash flow deficits given that certain revenues, such as property taxes, are not received evenly over the fiscal year. However, many municipalities retain cash reserves that can be drawn upon when needed to support imbalances in revenues and expenditures. The City does not retain a large General Fund cash balance relative to its annual budget, and has relied on borrowing from its "special purpose funds" or from the proceeds of tax and revenue anticipation notes to fund its cash flow deficits.

The City issues its notes at the beginning of the fiscal year and repays its notes at the end of the fiscal year. The proceeds of the notes are, for budgetary purposes, used to finance the City's contribution to the Department of Pensions. Theoretically, the issuance of the notes allows for interest earnings that would have not otherwise been earned over the course of the year.

Although it is not explicitly assumed in this report that the Harbor City would issue tax and revenue anticipation notes, it is assumed the Harbor City would contribute its proportional share for the Fire and Police Pension System. The Harbor City share of the pension contribution is estimated using the City's budgeted tax and revenue anticipation notes appropriations. The City's notes appropriation includes interest expense; however, in the computation of revenue neutrality, the Harbor City is credited with interest earnings from the General Fund.



### **Capital Finance Administration Fund**

The Capital Finance Administration Fund provides for payment of the City's lease obligation bonds and certificates of participation. The City appropriates funds from its General Fund, and transfers certain pledged revenues sufficient for the debt service requirements on the bonds and certificates of participation.

In the event of a special reorganization, the City would lose General Fund revenue, and the City's ability to repay the lease obligations would be diminished. To ensure that the rights of bondholders are not negatively impacted as a result of a special reorganization, a form of payment from the Harbor City for the City's lease obligations would likely be required. The Harbor applicant has proposed in its vision statement that "the debt attaching to an asset being claimed or received hereunder shall accompany the asset or that portion of the asset allocable to each municipality." Based on this proposal, it is assumed the Harbor City would be liable for a portion of the City's outstanding lease obligations according to the proportion of assets financed that would transfer to the Harbor City upon a special reorganization.

Further discussion of the assumed allocation of debt service is provided in section "- Transfer of Legal Liability."



## ALLOCATION OF CAPITAL FINANCE ADMINISTRATION FUND

|                            | 2000-01<br><u>Budget</u> | %<br><u>Harbor<br/>Allocation</u> | \$<br><u>Harbor<br/>Allocation</u> | <u>Allocation Method</u>   |
|----------------------------|--------------------------|-----------------------------------|------------------------------------|----------------------------|
| General Fund Supported     |                          |                                   |                                    |                            |
| Central Library Program O  | \$ 1,913,608             | 0.00%                             |                                    | - Location of facility     |
| Central Library Project R  | 4,850,987                | 0.00%                             |                                    | - Location of facility     |
| MICLA Program H Additional | 2,166,357                | 0.00%                             |                                    | - Location of facility     |
| MICLA Program AA           | 13,544,308               | 3.97%                             | 537,709                            | Proportion of employees    |
| MICLA Program AC           | 12,612,318               | 3.97%                             | 500,709                            | Proportion of employees    |
| MICLA Program AL           | 2,194,912                | 3.97%                             | 87,138                             | Proportion of employees    |
| MICLA Program U            | 3,530,504                | 3.97%                             | 140,161                            | Proportion of employees    |
| MICLA Program W            | 11,406,253               | 3.97%                             | 452,828                            | Proportion of employees    |
| MICLA Program S            | 5,557,553                | 3.97%                             | 220,635                            | Proportion of employees    |
| MICLA Program Q Refunding  | 4,934,470                | 3.97%                             | 195,898                            | Proportion of employees    |
| MICLA Program T            | 5,867,634                | 0.00%                             |                                    | - Location of facility     |
| MICLA Program AE           | 9,897,707                | 3.97%                             | 392,939                            | Proportion of employees    |
| MICLA Program K Refunding  | 2,495,576                | 3.97%                             | 99,074                             | Proportion of employees    |
| MICLA Program X            | 3,089,038                | 3.97%                             | 122,635                            | Proportion of employees    |
| Subtotal, General Fund     | \$ 84,061,225            |                                   | \$ 2,749,727                       |                            |
| Secured by Other Sources   |                          |                                   |                                    |                            |
| Pershing Square            | 618,435                  | 0.00%                             |                                    | - Location of facility     |
| Arena Debt Service         | 3,880,969                | 0.00%                             |                                    | - Location of facility     |
| Subtotal, Other Sources    | 4,499,404                |                                   |                                    |                            |
| Miscellaneous              |                          |                                   |                                    |                            |
| General Administration     | 95,000                   | 3.27%                             | 3,108                              | Proportion of debt service |
| Insurance Program          | 1,305,000                | 3.27%                             | 42,688                             | Proportion of debt service |
| Proposition K Match        | 63,363                   | 0.00%                             | -                                  |                            |
| Reserve Fund Surety Fees   | 36,000                   | 3.97%                             | 1,429                              | Proportion of employees    |
| Trustee Fees               | 175,000                  | 3.27%                             | 5,724                              | Proportion of debt service |
| Subtotal, Miscellaneous    | 1,674,363                |                                   | 52,949                             |                            |
| Total                      | \$ 90,234,992            |                                   | \$ 2,802,676                       |                            |

Using the assumed allocation of liability above, future debt service payments from the City's Capital Finance Administration Fund for the proposed Harbor City are provided in the following table. For purposes of computing "revenue neutrality," the fiscal year 2000-01 debt service payment is assumed to accrue to the new Harbor City.



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**ALLOCATION OF CAPITAL  
FINANCE ADMINISTRATION  
FUND DEBT SERVICE**

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| <b>Fiscal<br/>Year</b> | <b>Harbor<br/>Share of<br/>Debt Service</b> |
|------------------------|---------------------------------------------|
| 2001                   | -                                           |
| 2002                   | -                                           |
| 2003                   | -                                           |
| 2004                   | 2,482,255                                   |
| 2005                   | 2,218,897                                   |
| 2006                   | 1,828,330                                   |
| 2007                   | 1,512,531                                   |
| 2008                   | 1,143,412                                   |
| 2009                   | 952,633                                     |
| 2010                   | 917,035                                     |
| 2011                   | 718,945                                     |
| 2012                   | 472,225                                     |
| 2013                   | 218,273                                     |
| 2014                   | 147,661                                     |
| 2015                   | 112,885                                     |
| 2016                   | 61,217                                      |
| <b>Total</b>           | <b>\$ 12,786,299</b>                        |

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It is important to note that the City's annual debt service requirement for its lease obligation bonds and certificates of participation will decrease over time as the principal on the bonds is repaid. Therefore, the amount of bonds outstanding and the annual debt service requirement during the first three years of incorporation of the proposed Harbor City would be different from the fiscal year 2000-01 requirement. However, the City may issue additional bonds after the preparation of the comprehensive fiscal analysis, which would increase the City's annual debt service requirement. The amount of the City's future debt service requirement may need to be considered in the estimation of any transfer of funds or assets to mitigate an imbalance of current revenues and expenditures.



### Capital Improvement Expenditure Program

The City budgeted \$212.1 million in fiscal year 2000-01 for capital improvements. Most of the budgeted expenditures are funded from the City's special purpose funds, with \$159.4 million funded from the Sewer Construction and Maintenance Fund and a combined \$23.4 million from the City's Gas Tax and Proposition C funds.

Upon a special reorganization, the Harbor City would receive certain special fund revenues, and would likely fund capital improvements from those funds. The estimated capital improvement expenditure program for the Harbor City is therefore estimated using the proportion of revenue that would accrue to the Harbor City. A discussion of the allocation of special purpose fund revenues is provided in section "- Transfer of Revenue." The estimated level of current improvement expenditures that would accrue to the Harbor City is provided in the table below.

#### **ALLOCATION OF CAPITAL IMPROVEMENT EXPENDITURE PROGRAM**

| <u>Revenue Item</u>                                  | <u>2000-01<br/>CIEP<br/>Budget</u> | <u>%<br/>Harbor<br/>Allocation</u> | <u>\$<br/>Harbor<br/>Allocation</u> |
|------------------------------------------------------|------------------------------------|------------------------------------|-------------------------------------|
| General Fund                                         | \$ 9,445,027                       | 3.97%                              | 374,968                             |
| Special Gas Tax Street Improvement Fund (5)          | 11,778,312                         | 4.12%                              | 485,266                             |
| Stormwater Pollution Abatement Fund (7)              | 4,591,000                          | 3.00%                              | 137,730                             |
| Special Parking Revenue Fund (11)                    | 4,742,047                          | 1.23%                              | 58,130                              |
| Sewer Construction and Maintenance Fund (14)         | 159,407,000                        | 0.00%                              | -                                   |
| Park and Recreational Sites and Facilities Fund (15) | 1,002,900                          | 8.44%                              | 84,648                              |
| Street Lighting Maintenance Assessment Fund (19)     | 3,557,000                          | 11.36%                             | 404,205                             |
| Proposition C Anti-Gridlock Transit Impr. Fund (27)  | 11,607,563                         | 4.12%                              | 478,232                             |
| Industrial/Comm. Revolving Fund                      | 3,400,000                          | 0.00%                              | -                                   |
| UDAG                                                 | 550,000                            | 0.00%                              | -                                   |
| Vacated Fire Dept. Facilities Fund                   | 326,054                            | 6.86%                              | 22,376                              |
| Local Transportation Fund (34)                       | 1,700,000                          | 4.12%                              | 70,040                              |
|                                                      | <u>\$ 212,106,903</u>              |                                    | <u>\$ 2,115,595</u>                 |



## **Human Resources Benefits**

The Human Resources Benefits budget is comprised of appropriations for the following purposes: (1) payment of all workers' compensation and rehabilitation bills, claims and awards; (2) payment of subsidies for the City's benefits programs; and (3) payment of unemployment insurance claims.

### **Distribution of Service within City**

The City's employee benefit costs are distributed by the following workforce categories: Civilian, Police, and Fire. The funds attributed to these categories are distributed through accounts entitled Civilian FLEX Program, Supplemental Civilian Union Benefits, Police Health and Welfare Program, and Fire Health and Welfare Program. These accounts are described below.

- Civilian FLEX Program: Contained in the Civilian FLEX Program are the City's standard health and dental insurance benefits, as well as base disability and base life insurances, and FLEX Credit benefits.
- Supplemental Civilian Union Benefits: Contained in this account are the benefits that have been previously negotiated by individual bargaining units.
- Police Health and Welfare Program: Contained in this account are the City's standard benefits for health, dental and life insurance for sworn police employees.
- Fire Health and Welfare Program: Contained in this account are the City's standard benefits for health, dental and life insurance for sworn fire employees.

The City's employees are also covered by Worker's Compensation in accordance with California Labor Code. Employees are covered from the first moment on the job and can be compensated for the following: (1) All reasonable medical care, (2) Vocational rehabilitation in the event of serious injury that prohibits return to work, (3) Partial replacement of lost wages, (4) Additional "permanent disability" payments after the employee reaches maximum recovery in cases of permanent impairment, and (5) Surviving dependents may be paid death benefits in fatal injuries.

The City's Personnel Department administers the workers' compensation program and administers the Human Resources Benefits Budget. It is assumed for the purpose of this study that the Harbor City's Personnel Department will be responsible for the administration of Workers' Compensation claims made by the employees transferred to its jurisdiction. The Harbor City will establish a Human Resources Benefits budget for the payment of those claims and other benefits the new city elects to provide its employees. The City of Los Angeles Personnel department will administer claims made by employees remaining in its jurisdiction as well as claims made by inactive employees, employed by the City at some time preceding the special reorganization.

### **Proposed Apportionment**

In the event of a Harbor City special reorganization, the new city would need to fund Human Resource Benefits appropriations to ensure that its own employees are covered under existing programs. This section develops the assumptions necessary to estimate the required Human Resources Benefits appropriation for both the City of Los Angeles and Harbor City.

The function of each program funded by the City's Human Resources Benefits budget is described in the table below. Based on the functions of each program, an estimate of the Human Resources Benefits funds required to provide benefits to the new Harbor City's employees is developed.



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**CITY OF LOS ANGELES HUMAN RESOURCES BENEFITS  
BUGDETED ITEMS AND THEIR FUNCTION**

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| <u>Budget Item</u>                    | <u>Function</u>                                                                                                               |
|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
| Workers' Compensations/Rehabilitation | Provides Workers' Compensation and rehabilitation benefits to claimants.                                                      |
| Civilian FLEX Program                 | Provides the City's standard health and dental insurance benefits, disability, base life insurance, and FLEX Credit benefits. |
| Supplemental Civilian Union Benefits  | Provides benefits that have been previously negotiated by individual bargaining units.                                        |
| Police Health and Welfare Program     | Provides the City's standard benefits for health, dental and life insurance for sworn police employees.                       |
| Fire Health and Welfare Program       | Provides the City's standard benefits for health, dental and life insurance for sworn fir employees.                          |
| Unemployment Insurance                | Provides unemployment insurance to former City employees.                                                                     |
| Employee Assistance Program           | Provides professional and confidential counseling services to employees who need help resolving personal problems.            |

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The magnitude of each of the City's budgeted items above is related to the number of covered employees. Therefore, the estimated Human Resource Benefits requirement for the Harbor City is based on the number of City employees transferred.

For fiscal year 2000-01 the City's Human Resources Benefits programs totaled \$260.8 million. Using the proportion of City employees transferred, it is estimated that \$10.4 million will be required to fund the Harbor City's Human Resources Benefits budget. This is equivalent to 3.97% of the City's fiscal year 2000-01 Human Resources Benefits budget.

The assumed \$10.4 million Harbor City payment for Human Resource Benefits is intended to recover the Workers' Compensation payments for active Harbor City's employees as well as a proportion of the on-going liability for all inactive employees. The incremental cost incurred by the City for the administration of claims for inactive employees is not estimated in this analysis, and no reimbursement for a proportional amount of the administration costs for inactive employees is assumed made by the Harbor City.



### Judgment Obligation Bonds

The City has issued four series of bonds to finance legal judgments for lawsuits involving California Federal Bank, General Motors Corporation, and the Kimpel party. Debt service on the outstanding bonds is payable through August 2010. As discussed in section “- Transfer of Legal Liability,” the Harbor applicant would likely be required to assume responsibility for a share of the City’s existing liabilities.

The City has budgeted \$35.46 million in debt service for fiscal year 2000-01. It is assumed for the purposes of this analysis that the share of current debt service that would accrue to the proposed Harbor City is equal to a proportion of the City’s fiscal year 2000-01 budget amount, based on the total number of employees transferred to the City.

Estimated future debt service to be paid by a Harbor City on the City’s outstanding judgment obligation bonds is provided in the table below.

#### **ALLOCATION OF JUDGMENT OBLIGATION BOND DEBT SERVICE**

| <b><u>Fiscal<br/>Year</u></b> | <b><u>Harbor<br/>Share of<br/>Debt Service</u></b> |
|-------------------------------|----------------------------------------------------|
| 2001                          | -                                                  |
| 2002                          | -                                                  |
| 2003                          | -                                                  |
| 2004                          | 336,561                                            |
| 2005                          | 324,825                                            |
| 2006                          | 313,039                                            |
| 2007                          | 281,427                                            |
| 2008                          | 270,821                                            |
| 2009                          | 170,673                                            |
| 2010                          | 163,424                                            |
| 2011                          | 56,600                                             |
| Total                         | \$ 1,917,370                                       |



### Liability Claims

As further discussed in section “- Transfer of Legal Liability,” the City annually budgets an amount for the payment of claims or legal actions brought against the City. The budgeted amount for liability claims in fiscal year 2000-01 is \$55.7 million. Given the applicant will likely be required to assume responsibility for liability claims, it is assumed that the current amount of liability claim expenditures that would accrue to the Harbor City is equal to a proportion of the City’s fiscal year 2000-01 budgeted amount. The proportion used is based on the total number of employees transferred to the Harbor City, as this provides an estimation of the level of services being transferred.



### **Proposition A Local Transit Assistance Fund**

Unlike most other special purpose revenue funds, where appropriations are made to various departments, the City appropriates most of the available monies directly from the Proposition A Fund for allowable transit uses. Proposition A funds are provided to the cities within the Los Angeles County based on population. Therefore, upon a special reorganization, the Harbor City would be eligible for Proposition A revenues. It is assumed that the Harbor City would appropriate funds from its own Proposition A Fund equal to the amount of revenue received. In the City's fiscal year 2000-01 budget, \$77.5 million (net of appropriations to budgetary departments) in Proposition A revenue is expected to be received. The percent of citywide population in the Harbor area is used to estimate the amount of current Proposition A revenue and expenditures that would accrue to the Harbor City.



### **Proposition C Anti-Gridlock Transit Improvement Fund**

Similar to the City's Proposition A special purpose revenues, the Harbor City would expect to receive Proposition C revenues based on the population in the Harbor area. It is assumed for the purposes of this analysis that the Harbor City would appropriate Proposition C funds equal to the amount of revenue received. For fiscal year 2000-01, the City has budgeted Proposition C revenue of \$22.98 million, net of appropriations to departments. The percent of citywide population in the Harbor area is used to estimate the amount of current Proposition C revenue and expenditures that would accrue to the Harbor City.

TABLE 10: PROPOSITION C REVENUE AND EXPENDITURES

| Category     | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | Total |  |
|--------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|--|
| Revenue      |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |       |  |
| Expenditures |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |       |  |
| Net          |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |       |  |



### Special Parking Revenue Fund

The City also appropriates funds directly from its special parking revenue fund for certain non-departmental items. It is assumed in this fiscal analysis that the Harbor City would accrue revenues and expenditures from its own Special Parking Revenue Fund (net of departmental appropriations) based on the proportion of revenue generated by parking facilities in the Harbor area. The amount of parking revenue generated by the Harbor area for all City-owned parking meters and parking facilities has been estimated by the City to be 1.23% as of fiscal year 1998-99.

In April 1999, the City issued bonds to finance a portion of a parking facility located at Hollywood and Highland. As part of the bond covenants of the bonds issue, the City has pledged revenues for all off-street parking meters and parking facilities for repayment of the bonds, including those located in the Harbor area. The City has further pledged not to transfer any parking facilities unless it can be shown that sufficient "debt service coverage" would exist after such a transfer. However, as shown on the table below, given the relatively small amount of revenue collected in the Harbor, it is estimated that, based on the City's projection of parking revenue and expenses, a transfer of all revenue-generating parking facilities in the Harbor would not reduce the City's debt service coverage below the minimum 1.25 level.

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#### **PROJECTED DEBT SERVICE COVERAGE CITY OF LOS ANGELES PARKING REVENUE BOND, SERIES 1999-A**

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|                                     | <b>Estimated<br/>Fiscal<br/>Year<br/>2003-04</b> |
|-------------------------------------|--------------------------------------------------|
| Parking System Revenue              | \$ 22,300                                        |
| Other Revenue                       | 10,050                                           |
| Less: Loss from Harbor Facilities * | (274)                                            |
| Less: Operating Expenditures        | (10,650)                                         |
| Subtotal                            | <hr/> \$ 21,426                                  |
| Net Debt Service                    | \$ 5,396                                         |
| Debt Service Coverage               | 3.97                                             |

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\* Estimated at 1.23% of "Parking System Revenue."

Source: City of Los Angeles Department of Transportation.



### **Unappropriated Balance**

The unappropriated balance of the City is budgeted for contingent items that may occur over the fiscal year. In fiscal year 2000-01, the City budgeted \$73.2 million for an unappropriated balance. For the purposes of this analysis, it is assumed the Harbor City would also budget for an unappropriated balance in an amount proportional to the total number of employees that would transfer to the Harbor City.



### Water and Electricity

The City's Department of Water and Power provides water and electricity to the City and is reimbursed for the costs of such service from the City's General Fund. It is assumed in this fiscal analysis that the Harbor City would also receive water and electricity service, and the cost of this service would be proportional to the amount budgeted by the City, \$31.1 million, in fiscal year 2000-01. The Harbor City cost is estimated in proportion to the total number of employees that would transfer from the City.



### **Other Special Purpose Funds**

All other appropriations that are not attributable to a specific department or other area of the City's budget are appropriated under the category Other Special Purpose Funds. For fiscal year 2000-01, the City has budgeted \$232.9 million in Other Special Purpose Funds appropriations, of which \$47.5 million are funded from the City's General Fund.

An estimate of the proportion of each Other Special Purpose Funds appropriation made in fiscal year 2000-01 that would transfer to the proposed Harbor City is attached in Appendix II



## Other Departments

### Airports

The department, under its Board of Commissioners, is responsible for the management, supervision, and control of all airport facilities under the jurisdiction of the City of Los Angeles. It plans, constructs and maintains its own buildings, and controls its own funds in accordance with the Los Angeles City Charter. The department, also known as the Los Angeles World Airports, is a self-supporting branch of the City of Los Angeles, governed by a five-member Board.

### **Distribution of Service within City**

The City operates and maintains an airport system comprised of the Los Angeles International, Ontario International, Van Nuys, and Palmdale Regional Airports.

The Los Angeles International Airport (LAX) is the major facility of the airport system, accounting for approximately 90% of the passenger traffic, 81% of the air cargo volume, and 84% of the air carrier operations for fiscal year 1996-97. In 1998, LAX served approximately 61.2 million annual domestic and international passengers.

Ontario International (ONT) is a medium-hub, full-service airport with commercial jet service to major cities in the United States and connecting service to international destinations. ONT served approximately 6.5 million annual passengers in 1999. In September 1998, ONT completed construction of two new terminals providing 26 aircraft gates, a new circulation loop roadway system, and three new parking lots.

The Van Nuys Airport has been ranked as one of the busiest general aviation airports in the world, with more than 523,000 aircraft operations, and more than 106 corporate jets based at VNY, representing half of all corporate jets in California during fiscal year 1996-97.

The Palmdale Regional Airport is comprised of approximately 17,750 acres of mostly undeveloped land owned by the City for future development of the facility. Air service ended at PMD in April 1998.

The commercial airports derive revenues primarily from aircraft landing fees and leases and concession fees from tenants. These revenues typically permit the airport system to operate without utilizing general tax funds. Aviation related enterprises that generate revenue include commercial air service, private flying schools, air cargo service, executive aircraft facilities, and small aircraft engine maintenance shops. Passenger services include car rental companies, gift shops and newsstands, restaurants, and parking. Airport expenditures include bond redemption and interest, maintenance of buildings and airfields, operating and administrative expenses, equipment and roadways, and capital development.

### **Proposed Apportionment**

The Harbor applicant has proposed that the department would be managed by a "Tri-Cities Airports" entity with proportional representation from proposed Harbor and Valley Cities, and the City of Los Angeles. The legal structure for the Tri-Cities Airport is not specified in the applicant's proposal.

### **Impediments to the Proposed Apportionment**

Although Cortese-Knox appears to provide LAFCO with the requisite legal authority to effect the transfer of Proprietary Department assets, LAFCO's transfer powers are limited by other statutory and constitutional considerations such as constitutional and statutory impairment of contracts protection.

The bond indentures for Los Angeles World Airports places restrictions on the transfer of an LAX Airport Facility or an Ontario International Airport Facility. The indentures prohibit the sale, transfer or disposition of an LAX or Ontario Airport Facility unless the property being disposed of complies with one of more of the following provisions:

- (a) The property being disposed of is inadequate, obsolete or worn out;



- (b) The property proposed to be disposed of and all other LAX Airport Facilities disposed of during the 12-month period ending on the day of such transfer (but excluding property disposed of under (a) above), will not, in the aggregate, constitute a Significant Portion, the proceeds are deposited into the LAX Revenue Account to be used as described below and the Board believes that such disposal will not prevent it from fulfilling its obligations under the Indenture; or
- (c) Prior to the disposition of such property, there is delivered to the Trustee a certificate of a Consultant to the effect that notwithstanding such disposition, but taking into account the use of such proceeds in accordance with the expectations of the Board as evidenced by a certificate of an Authorized Board Representative, the Consultant estimates that Board will be in compliance with the rate covenant set forth in the Indenture during each of the five Fiscal Years immediately following such disposition.

Based on these conditions, it appears that consent of the Board would be required for any transfer of LAX or ONT facilities to a jointly managed Tri-Cities Airports entity. Such consent is not assumed for the purposes of this analysis.



### **City Employees Retirement System**

Officers and employees of the City of Los Angeles and their beneficiaries are entitled to retirement benefits (including disability and survivors' benefits) and health subsidy benefits under Article XXXIV of the Charter of the City of Los Angeles and by related ordinances.

The Los Angeles City Employees Retirement System (CERS) was established in 1937 under the exclusive management and control of a Board of Administration. The Board administers the retirement benefits for civilian City employees, except Department of Water and Power employees. The Board manages and administers the City Employees' Retirement Fund, invests the Fund's assets, determines the health providers and coverage for retired employees, and approves members' retirement applications including applications for disability retirements. CERS is staffed with approximately 85 employees, and managed by a General Manager who reports to the Board of Administration.

As of June 30, 2000, CERS had assets with actuarial value equal to 109.1% of actuarially accrued liabilities.

### **Description of Service**

The City's Employees Retirement Fund is a defined benefit plan that provides retirement benefits based on years of service. For each year of service with the City the employee receives 2.16% of his final average salary. For example, a 30-year employee would receive 64.8% of his final average salary in retirement. If a CERS member is forced into disability retirement he will receive one third of his salary. In addition, CERS provides death benefits to survivors of members and retirement health benefits and subsidies to its members. City employees of less than five years are not vested in the program. However, members of less than five years may continue to vest should they become members of a reciprocal agency.

### **Proposed Apportionment**

The applicant did not address the proposed apportionment of the City's retirement funds in its vision statement. The proposed Harbor City would have three options for providing retirement benefits to its employees: contracting with the City of Los Angeles for continued benefits, starting its own pension fund, and contracting with the state employees pension system for coverage.

The most simplistic of the above options would be for the proposed Harbor City to contract with the City of Los Angeles pension funds for continued benefits. This option would cause no negative impact on the City's risk exposure following the special reorganization as the number of employees covered under the system would remain unchanged. The proposed Harbor City would not incur start-up costs associated with establishing its own pension funds, and there would be very little cost associated with the administration of the contract assuming that the benefits for Harbor City employees remain the same, or similar, to CERS.

The proposed Harbor City also has the option of starting an independent pension fund to cover its employees. This option would require a transfer of assets and liabilities associated with the employees that would transfer from the City of Los Angeles to the Harbor City. If the Harbor City chooses this option, it would require a computer application to administer pensions, which would result in start-up costs during the initial years of operation. In addition, this option may expose the proposed Harbor City to greater risk. Because pension funds operate as insurance for workers who prematurely become unable to work due to illness or disability, and provide health insurance to an older and less healthy population than most health insurance programs, the risks associated with unexpected early retirements or heavy health care costs are greater when the group of covered members becomes smaller.

Lastly, the proposed Harbor City has the option of contracting with the state employees pension system (PERS) for the coverage of its employees. For City employees who are currently covered by CERS the transfer could be accomplished relatively easily due to a reciprocity agreement currently in



place between the two pension funds. However, while CERS participants could withdraw their contributions, including accrued interest calculated at the 5-year Treasury Note rate, and participate in the PERS program, a large-scale withdrawal from CERS could potentially disrupt the weighting among different investment vehicles in the portfolio. Certain investments currently held by the City are not liquid, and a withdrawal by all Harbor City employees may disrupt the existing portfolio mix. In addition, the sizable withdrawal may cause the actuarially computed contributions to change, given there may be a change in the characteristics of the remaining participants.

### **Projected Expenditures**

While significant start-up costs would be eliminated through the contracting services from the City of Los Angeles, the proposed Harbor City would be required to pay a fee to the City under the provisions of the contract for providing the management and administration of the pension systems. City employees have noted that there may also be minimal costs associated with separating City employees and Harbor City employees in the current system. This cost is assumed to be represented by the estimated \$2.4 million in IT transition costs described in section "Harbor City Start-Up Costs – Information Technology Systems."

The new Harbor City would be responsible for a proportional share of the city's (non-member) contributions to CERS. In fiscal year 2000-01 the City has budgeted a contribution of \$67.5 million to CERS. Based on a transfer of 4% of City employees, the Harbor City's share of the annual contribution (if the special reorganization were effective immediately) would be approximately \$2.7 million. Future expenditures by the Harbor City for CERS costs are assumed equal to the estimated fiscal year 2000-01 contribution. However, in the event the City's actuarial assumptions change (e.g., return on investment), the required annual contribution by the Harbor City may increase or decrease.

The Harbor City would also need to reimburse the City for its direct and indirect costs of managing the system. The estimated reimbursement to the City for contracted pension administration is derived using the fiscal year 2000-01 salary cost, multiplied by the percentage of citywide employees transferring to the Harbor City (4%), and escalated for indirect costs.<sup>52</sup>

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<sup>52</sup> An indirect cost rate of 69.47% is used, based on the "Cost Allocation Plan 23" rates for the Personnel department "Personnel Grant Funded/Special Programs" services. Source: City of Los Angeles, "2000-01 Indirect Cost Rates – CAP 23," October 31, 2000.



## **Harbor**

The Harbor Department is responsible for the management of the Harbor District, operation of the Port of Los Angeles, and the leasing of land and production of oil in the District. The Port is operated under the provisions of the State Tidelands Trust, which stipulates that the activities of the Port must be related to commerce, navigation and fisheries. The department, as a proprietary department of the City, is self-supporting, and does not rely on taxes from the City. Port revenues are received from fees charged for dockage, wharfage, pilotage, storage, property rentals, and other services. The Port operates primarily as a landlord, as opposed to an operating port, with most docks, wharves, and terminals assigned to tenants who operate their own facilities.

## **Proposed Apportionment**

The applicant has proposed that a "Port City Trust" and a "Port Industrial Trust" would be created that would be responsible for the management of the state tidelands property. The applicant has proposed that the Port City Trust would, among other things, manage economic and community development projects in the area of Avalon and Harbor Boulevards.

## **Impediments to the Proposed Apportionment**

The applicant has proposed in its vision statement that the Port of Los Angeles would be included within the boundaries of the new city. The City of Los Angeles currently operates the Port, as a trustee of the state tidelands and submerged lands that comprise the Port Trust. The City of Los Angeles Harbor Department employs personnel that are stationed at the Port and perform services necessary to manage and administer the activities at the Port. The Harbor Department consists of an Administration (includes Personnel, Purchasing, and the Port Police), Development (includes Engineering and Environmental Management), Business Development (includes Property Management and Marketing), Customer Service, and Finance divisions. In addition to Harbor Department personnel, the City of Los Angeles provides fire protection service to the Port and maintains and operates various recreational facilities on behalf of the Port, and is reimbursed for a portion of the direct and indirect cost of the services. Whether any City personnel currently serving the Port would transfer to the proposed Harbor City depends on the new city becoming the trustee of the Port Trust, and the extent the Port would be within the "sphere of influence" of the new city.

The California State Lands Commission has the authority to decide whether the Port of Los Angeles will be included within the boundaries of the Harbor City in the event of a special reorganization. The State Lands Commission has deferred its decision on the inclusion of the state tidelands and submerged lands within the boundaries of the new city until the completion of the final comprehensive fiscal analysis of the Harbor area proposal.<sup>53</sup> In any event, however, the new city would become the trustee of the Port only through an act of the State Legislature, and not by any action of LAFCO. Therefore, it is assumed in this report that the City of Los Angeles would remain as the trustee of state tidelands and submerged lands and would continue to manage and administer the Port of Los Angeles.

If the State Lands Commission approves the proposed boundaries of the new city, the Port would be within the jurisdiction of the new city. In this case, the new Harbor City would receive any municipal revenues levied on businesses at the Port, gain some amount of control over land use policy within the Port Trust, and the activities within the Port Trust would be subject to the municipal laws, ordinances, and codes of the new city.

It has been assumed for the purposes of this report that the Port would be included within the boundaries of a new Harbor City in the event of a special reorganization.

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<sup>53</sup> Meeting of the California State Lands Commission, November 27, 2000.



## **Library**

The Los Angeles Public Library operates and maintains a Central Library, eight regional branches providing reference and circulating service in their respective regions of the City, and 67 branches providing neighborhood service. The department controls its own budget.

### **Distribution of Service within City**

The department is comprised of eight divisions. All department personnel are located at the Central Library with the exception of branch personnel. Branch personnel account for the majority of the department's staff and are located at the 67 branch locations.

The department operates the Central Library located in Downtown Los Angeles and eight regional offices. One of the department's eight regional offices is located in the Harbor area. The San Pedro Regional Branch maintains the San Pedro and Wilmington local branch libraries. Each region's management staff is located in one of the region's local libraries.

### **Proposed Apportionment**

It is assumed that the estimated current level of service that is provided by the department for the benefit of the Harbor area would be transferred to the Harbor City as part of the proposed special reorganization. An estimate of the number of department staff providing services for the Harbor area can be developed by identifying staff physically located in the Harbor area, and by analyzing the work performed by centrally located staff to determine the amount of resources being allocated to the Harbor area.

### **Transfer of City Personnel**

For the fiscal year 2000-01 the department has 1,097 budgeted positions (excluding Commissioners). The Board of Library Commissioners is the legal head of the department. The five-members of the Board are appointed by the Mayor and confirmed by the City Council. Board members work part-time and are not salaried employees.

Of the department's staff geographically distributed by library branch, 3% are located in the Harbor area. Given that branches are designed to deliver neighborhood services, the 2 Harbor area branch libraries and their staff would be transferred to the Harbor City as part of the proposed special reorganization. The remaining 65 branches and the Central Library would remain under the City's control. The DWP's Library/Information Center, which is staffed by the Library Department, will also remain under control of the City.

To identify the number of centrally located staff that serve the Harbor area, a review of the specific functions of each department division must be undertaken in order to determine relevant workload measures for each division. The various indicators of workload can be used to estimate the proportion of each division's function that is dedicated to services that benefit the Harbor area. The table below summarizes each division's functions.



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**CITY OF LOS ANGELES PUBLIC LIBRARY  
INTERNAL DEPARTMENT FUNCTIONS**

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| <b><u>Division</u></b>           | <b><u>Function</u></b>                                                                                                                                                                                                                                                              |
|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Business Office                  | Manages all fiscal activities; purchases all materials, equipment and services; performs contract administration and facilities management.                                                                                                                                         |
| Special Projects                 | Manages special projects determined by the Assistant City Librarian and supervises Volunteer Services.                                                                                                                                                                              |
| Children's Services              | Provides promotional and administrative support for system-wide programs, e.g., Children's Reading Clubs. Coordinates training of Children's librarians.                                                                                                                            |
| Branch Library Services          | Plans, directs, and controls branch and bookmobile services. Includes supervision of 6 area managers. Selects and trains professional and support staff.                                                                                                                            |
| Central Library Services         | Manages and supervises the Central Library. Oversees provision of library services and supervises principal librarians in charge of subject departments.                                                                                                                            |
| Info. Technologies & Collections | Provides for the maintenance and support of the library's material resources including electronic distribution of information over wide-area network. Develops and maintains infrastructure for disseminating electronic resources including online circulation and catalog system. |
| Young Adult Services             | Provides promotional and administrative support for system wide programs targeted to young adults. Trains Young Adult Librarians.                                                                                                                                                   |
| Facilities                       | Oversees the 32 projects of the Library's capital program. Interacts with architects, project managers, and City departments. Oversees land acquisition, design, construction, budget and conducts community meetings.                                                              |

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Based on the functions of each division, measures of workload have been identified that can be used to estimate the proportion of each departmental division providing service to the Harbor area.

The Business Office, Special Projects, Children's Services, and Young Adult Services divisions provide system-wide services. Using the geographic distribution of branch staff as an indicator of services provided by each branch, these divisions can reasonably be apportioned using the percent of staff dedicated to Harbor area branches. As discussed below, the Information Technologies & Collections division is not assumed apportioned to the Harbor City, as services would be contracted from the City.

The Facilities Division, which oversees the Library's 1998 and 1989 Library Bond Program will remain under the control of the City. The Bond Issue is expected to finance 32 branch library construction projects, including improvements to the San Pedro branch library. Language in the Bond documents specifies that the City administer and manage the Library Bond Construction Program. It is assumed that the City will continue to administer the Bond Program, and the Harbor City will reimburse the current Library Department for Bond Program-related administrative costs.

Finally, Management and Human Resource (HR) Divisions primarily support the activities of the department's other divisions. Staffing is therefore a function of the total number of department staff and can reasonably be apportioned using the department's estimated number of employees to be transferred to the new Harbor City.



**CITY OF LOS ANGELES PUBLIC LIBRARY  
ALLOCATION OF WORKLOAD AND PERSONNEL**

| <u>Division</u>             | <u>Allocation Method</u>                        | <u>Positions</u> | <u>Harbor<br/>Allocation</u> |
|-----------------------------|-------------------------------------------------|------------------|------------------------------|
| Management & Administration |                                                 |                  |                              |
| Management                  | Proportion of Department employees transferred  | 24               | 1                            |
| Human Resources             | Proportion of Department employees transferred  | 7                | *                            |
| Public Information          | Proportion of employees at Harbor Branches      | 5                | *                            |
| Divisions                   |                                                 |                  |                              |
| Business Office             | Proportion of employees at Harbor Branches      | 82               | 4                            |
| Special Projects            | Proportion of employees at Harbor Branches      | 11               | *                            |
| Children's Services         | Proportion of employees at Harbor Branches      | 21               | *                            |
| Young Adult Services        | Proportion of employees at Harbor Branches      | 12               | *                            |
| Information Technologies &  | Not transferred                                 |                  |                              |
| Collections                 |                                                 | 110              | 0                            |
| Central Library Services    | Office location: San Pedro/Wilmington branches  | 156              | 26                           |
| Water & Power               | Office location: all employees remain with City | 2                | 0                            |
| Branch Library Services     |                                                 |                  |                              |
| Central/Southern Area       | Office location: all employees remain with City | 108              | 0                            |
| East Valley Area            | Office location: all employees remain with City | 104              | 0                            |
| Hollywood Area              | Office location: all employees remain with City | 113              | 0                            |
| Northeast Area              | Office location: all employees remain with City | 102              | 0                            |
| West Valley Area            | Office location: all employees remain with City | 135              | 0                            |
| Western Area                | Office location: all employees remain with City | 99               | 0                            |
| Facilities                  |                                                 | 6                | 0                            |
| Total Staff                 |                                                 | 1,097            | 31                           |

\* Because the application of the proportion of employees transferred to each division would result in an allocation of less than one position, the proportion of employees transferred has been applied to the combined Management and Human Resources divisions and the combined Public Information, Business Office, Special Projects, Children's Services, and Young Adult Services divisions.

The special reorganization would result in the transfer of 3.82% or 31 department staff to the new city. Each of the departments may have single-staff positions that, if apportioned, would cause inefficiencies in the department's operations. Each department would therefore need to develop a plan for reorganization to accommodate these positions.

Sufficiency of Staff Transferred to Harbor area and Retained by the City of Los Angeles

Given that staff in the department do not maintain uniform levels of skill, it is necessary to analyze the composition of staff to ensure that, should reorganization occur, a sufficient number of qualified positions would be transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the department's 1,097 budgeted positions, approximately 36 percent are profession/technical. The professional/technical positions consist primarily of Librarians, but also include Management Analysts, Systems Analysts, Accountants, and various other professions. The clerical/administrative/other support category comprises the majority, or 61 percent of the department. This category includes Library Assistants, Clerks, Clerical Assistants, Messengers and other support positions such as Security Guards, Warehouse Workers, and Drivers. Management and specialists account for approximately three percent of the department. This category consists primarily of Division Chiefs and Principal Librarians.



**CITY OF LOS ANGELES PUBLIC LIBRARY  
COMPOSITION OF WORKFORCE**

| <u>Category</u>                       | <u>Positions</u> | <u>Percent of<br/>Total</u> |
|---------------------------------------|------------------|-----------------------------|
| Management/Specialist                 | 35               | 3%                          |
| Professional/Technical                | 398              | 36%                         |
| Clerical/Administrative/Other Support | 668              | 61%                         |
| Total                                 | 1,102            | 100%                        |

To achieve a similar composition of skills among department staff in the new city, the 31 positions apportioned to the proposed Harbor City would consist of the following: 1 management/specialist position, 11 professional/technical positions, and 19 clerical/administrative/other support positions.

**Transfer of Equipment and Facilities**

As proposed, the special reorganization would result in the transfer of 2 existing library branches to the new city. These branches are owned by the City of Los Angeles. The San Pedro branch is affected by the 1998 or 1989 Bond Issues, and is currently in a "bid & award" stage. It is assumed that the City will continue to administer the Bond Programs until construction of the San Pedro branch is complete.

**LIBRARY FACILITIES LOCATED IN THE HARBOR  
AS OF FISCAL YEAR 2000-01**

| <u>Facility</u>            | <u>Address</u>     | <u>Facility Type</u>    |
|----------------------------|--------------------|-------------------------|
| Wilmington Branch Library  | 1300 N. Avalon Bl. | Branch Library          |
| San Pedro Regional Library | 931 S. Gaffey St.  | Regional Branch Library |

**Transition of Service to the New City**

The proposed apportionment would consist of transferring to the Harbor City the facilities, equipment and other assets used to provide services to the Harbor area. In general, this would include transferring facilities located in the Harbor area, as well as the resources located at those facilities, to the new Harbor City. It is assumed the City could transfer all required staffing necessary for the new department to operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

As discussed above, the City is also currently in the midst of a "1998 Library Bond Program," which involves the construction or renovation of 32 branch libraries, including the San Pedro library in the Harbor area. It is planned that the program will be funded primarily from the proceeds of general obligation bonds, approved by the voters in November 1998. This fiscal analysis assumes the City and Harbor City would cooperatively work to continue to manage the program through completion. It is further assumed the City would continue to issue the bonds to finance capital, financing, and certain project management costs of the project, which would be repaid by all affected property owners, including those in the Harbor area.

**Projected Expenditures**

The expected salary cost for the new department is estimated based on the proportion of employees transferred as of the fiscal year 2000-01 Budget. The estimated salary cost for the new department is \$12,171,459. This estimate does not include positions required to staff Phase III and Phase IV of the Extended Service Hour Program. According to documents prepared by the City, completion of Phase III and IV consists of funding 77.5 additional positions for fiscal year 2001-02. This number is



expected to increase after the construction of two branches, Encino Tarzana and Northridge, which will be completed after fiscal year 2001-02.

Furthermore, upon completion of bond-related projects over the next few years, additional positions may be requested to staff new facilities that are larger than the facilities they replaced.

Non-salary personnel expenditures are also estimated based on the proportion of employees transferred. This estimate does not include positions required to staff Phase III and Phase IV of the Extended Service Hour Program.

#### Contractual Services

The department contracts the service of outside vendors primarily for support of its information technology (IT) environment, including the Library network, servers, telecommunications, WEB access, and the CARL system. The Harbor City would likely require the use of the department's existing IT infrastructure and may be liable for the costs of contractors used by the City. However, as further discussed in section "Harbor City Start-Up Costs – Information Technology Systems," the specific arrangement between the City and Harbor City for the sharing of various components of the City's IT environment cannot be determined at this time. In order to provide at least a lower-bound estimate for the Harbor City share of Library Department IT services, it is assumed the Harbor City would incur contract services costs proportional to the City's fiscal year 2000-01 budget amount, based on the number of department staff transferred to the Harbor City.

The new city's Library Department could incur significant start-up costs if it were to attempt to establish its own automated library system. This system consists of the following:

1. Online Catalog: The online catalog, automated reserve system, and delivery distribution network allows books to be delivered in 24 hours to patrons' neighborhood branch libraries.
2. Catalog-Related Databases: The catalog operates on an acquisitions/catalog/circulation database that enables automated purchasing, circulation, and inventory systems.
3. Network Connections: Telecommunication equipment, software, and computer hardware create a Virtual Library that connects all branches and the Central Library, and provides patrons access to several electronic databases provided by outside vendors.
4. Website: The website provides access to the online catalog.

For the purpose of this analysis, it is assumed that the Harbor City would, at least initially, attempt to share all-possible components of the department's IT environment, including the automated library system. The department's costs for maintaining the IT environment would be reimbursed through contractual services payments to the City. The estimated payment is based on the proportion of Information Technology & Collections staff that would provide benefit to the Harbor City. This number is estimated based on the proportion of Branch Service division employees located in the Harbor area.

#### **Projected Revenues**

The department is primarily funded by property taxes. According to the City Charter, the Los Angeles Public Library is appropriated an annual sum of not less than 0.0175% of the assessed value of all property in the City as assessed for City taxes. The Mayor-Council may make additional appropriations from the General Fund as they see fit. The Mayor-Council appropriations have historically funded salaries and personnel expenditures. The Harbor City's Library Department appropriation will be determined by the Harbor City's total property tax assessments and the Harbor City's Mayor-Council. The Mayor-Council will have authority to make appropriations from the Harbor City's General Fund.

The Library Foundation is the fundraising arm of the Library Department and is the department's second largest revenue source. Foundation funds are used to support reading enrichment programs



and the acquisition of new print resources and reference materials. According to information provided by the City, the terms of the gifts to the Foundation determine how money is expended. If, however, there is a general gift for “children’s programs”, for example, the funds are allocated according to need. In order to maintain the current level of service provided by the Library Department, the new city would need to establish its own fundraising entity or maintain the Library Foundation of Los Angeles as its fundraising arm.

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**CITY OF LOS ANGELES PUBLIC LIBRARY  
REVENUES**

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| <u>Revenue Source</u>       | <u>2000-01<br/>Budget</u> |
|-----------------------------|---------------------------|
| Appropriations              |                           |
| Mayor-Council Appropriation | \$ 50,574,878             |
| Other Revenue               |                           |
| Fines & Fees                | 1,900,000                 |
| Other Departmental Revenue  | 535,000                   |
| Other Receipts              | 715,000                   |
| Library Foundation          | 6,200,000                 |
| <br>Total Revenues          | <br>\$ 59,924,878         |

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All general revenue receipts contributed by residents and businesses in the Harbor area are assumed contributed to the Harbor City’s general fund. “Other Departmental Revenue” generally includes reimbursement from the DWP for operating the DWP’s Library/Information Center, donations, and funds transferred from the Library Trust Fund to the Library Budget. The Harbor City will not receive reimbursement from the DWP because the DWP’s Library/Information Center will remain under control of the City of Los Angeles. “Other Receipts” generally include revenue collected from photocopying, lost books, filming permits, reimbursement from the Library Bond program and employee parking. It is anticipated that the Harbor City Library Department will receive “Other Receipts” proportional to the number of branch libraries in its jurisdiction.



## **Pensions**

The Board of Pension Commissioners of the fire and police pensions has the responsibility for and the exclusive control of the administration and investment of monies in the funds of the Fire and Police Pension System, New Pension System, and the Safety Members Pension Plan. It administers the provisions of the City Charter relative to service, disability, and dependents' pensions for members of the Fire and Police Departments. The department is staffed with approximately 60 employees, and managed by a General Manager who reports to the Board of Pension Commissioners.

Members of the Los Angeles Police and Fire Departments and their beneficiaries are entitled to pension, disability, and survivor's benefits under Articles XVII, XVIII and XXXV of the Charter of the City of Los Angeles.

Article XVII: the Fire and Police Pension System covers employees hired before January 29, 1967, except those that elected to transfer to the New Pension System.

Article XVIII: the New Pension System covers employees hired after January 28, 1967, and before December 8, 1980, except those who were hired before January 29, 1967, and elected to transfer from the Fire and Police Pension System.

Article XXXV: the Safety Members Pension Plan covers employees hired on or after December 8, 1980. The plan also covers those certified paramedics and civilian ambulance employees who transfer from the City Employees' Retirement System during the year ending June 30, 1983, or have since been hired.

As of June 30, 2000, the actuarial value of the system's assets was \$10,985,936,206. This represents a funded ratio of 114.4% of the actuarial accrued liability of pension benefits (\$9,604,173,677).

The City provides contributions to the pension funds, made up of two parts:

- Normal Cost Contributions: contributions that are determined as the cost of the system benefits accruing each year. If all assumptions are realized, and there are no gains or losses, this amount will remain unchanged as a percent of pay unless the average age of the population increases. In this case, contributions as a percent of pay will increase. The contributions will also increase as a dollar amount as total covered payroll increases.
- Funding of Unfunded Actuarial Accrued Liability (UAAL): represents liabilities accrued to date, that have not been funded by prior years' normal cost contributions. Most of the UAAL is funded as a level of percent of payroll until the year 2012. Increases in the UAAL due to assumption changes are amortized over 30 years, and gains and losses are amortized over 15 years.

## **Description of Service**

The benefits of the Police and Fire Pension System are similar to those of CERS (see "– Non-Departmental - City Employees Retirement System") with the exception of more liberal disability benefits. Benefits are based on members' final compensation and terms of service. Members with 20 or more years of service are entitled to annual pension benefits equal to 40% of their final compensation, increasing each year of service over 20 years, to a maximum of 66 2/3% to 70% depending on when the employee was hired. The plans adjust for annual cost of living adjustments.

The inherent risks involved in the job requirements of the members in the system lend themselves to greater instances of disability than the employees of other city occupations, which causes the pension system to experience more disability claims than CERS. The system's disability benefits range from 30% to 90% of a member's salary.



### **Proposed Apportionment**

The applicant did not directly address the proposed apportionment of the police and fire pensions in its vision statement. As discussed in the section describing CERS, the proposed Harbor City would have three options for providing police and fire retirement benefits to its employees: contracting with the City of Los Angeles for continued benefits, starting its own pension fund, and contracting with the state employees pension system for coverage. For fire and police employees, however, the transfer would be more complex than CERS as there is no reciprocity agreement with PERS.

Given the lack of a specific proposal by the applicant, it is assumed that the new Harbor City would contract police and fire pension services from the City of Los Angeles.

### **Projected Expenditures**

While significant start-up costs would be eliminated through contracting services from the City of Los Angeles, the proposed Harbor City would be required to pay a fee to the City for providing the management and administration of the pension systems. City employees have noted that there may also be minimal costs associated with separately accounting for City employees and Harbor area employees in the current system.

The new Harbor City would be responsible for a proportional share of contributions to the fire and police pension system. For fiscal year 2000-01 the City has budgeted \$135.7 million for the fire and police pension system to fund future liabilities of the system. The City's budget shows that the proceeds of the 2000 Tax and Revenue Anticipation Notes were used to fund the contribution to the system; however, it is not required that the notes be used for this purpose. It is assumed for the purposes of this analysis that the Harbor area would pay for 5.9% of the contribution to the system (based on the proportion of police and fire employees that would transfer to the Harbor City), or \$8.3 million.

The Harbor City would also need to reimburse the City for its direct and indirect costs of managing the police and fire pension system. The estimated reimbursement to the City for contracted pension administration is derived using the fiscal year 2000-01 salary cost, multiplied by the percentage of police and fire employees transferring to the Harbor City (5.9%), and escalated for indirect costs.<sup>54</sup>

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<sup>54</sup> An indirect cost rate of 69.47% is used, based on the "Cost Allocation Plan 23" rates for the Personnel department "Personnel Grant Funded/Special Programs" services. Source: City of Los Angeles, "2000-01 Indirect Cost Rates – CAP 23," October 31, 2000.



## **Recreation and Parks**

The Department of Recreation and Parks maintains and operates sites for recreational use, for educational purposes, and for various programmed activities. The sites include parks, playgrounds, swimming pools, public golf courses, recreation centers and camps, museums, nature observatories, and structures of historic significance. The department controls how its funds are spent, and a five-member Board of Commissioners sets department policy.

### **Distribution of Service within City**

The department's activities can be divided in two broad categories: (1) direct services to the public in the form of maintaining and operating sites that provide the public with recreational and educational opportunities; and (2) several intra-department technical and operations support functions.

The department provides its direct services at nearly 390 facilities located throughout the City of Los Angeles.<sup>55</sup> The types of facilities vary widely from small neighborhood parks to large multifaceted recreation centers. Some of the department's more notable facilities include Griffith Park Observatory in central Los Angeles, the Cabrillo Marine Museum in San Pedro, and the Hansen Dam and Sepulveda Basin recreation facilities located in the San Fernando Valley. To maintain and operate its various facilities, the department divides the City geographically into three regions - Griffith Metro, Pacific, and Valley – and has specific departmental divisions assigned exclusively to these regions. The Pacific region encompasses the Harbor special reorganization area.

The department technical and operations support functions include routine administration and budgetary activities, public relations, personnel administration, and grant administration. Department headquarters is located downtown at 200 N. Main Street, although staff are dispersed at department facilities citywide.

### **Proposed Apportionment**

The proposed apportionment seeks to have the new Harbor City assume responsibility for providing the services the Harbor currently receives from the Department of Recreation and Parks. Such an apportionment could be accomplished by transferring to the new Harbor City: (1) those department personnel that, as of fiscal year 2000-01, provide services to the Harbor; (2) all department facilities located in the Harbor, as well as the equipment and other assets located at or assigned to those facilities; and (3) a proportionate share of the centralized assets used to provide direct administrative support for the department.

An additional component of the proposed apportionment is the assumption that an agreement will be formed between the new Harbor City and the City of Los Angeles Harbor Department under which the Harbor Department will reimburse the new Harbor City for the cost of providing Park and Recreation department services to facilities on Harbor Department property that are currently the sole financial responsibility of the Harbor Department. (See section "Transfer of Service, Costs, Revenues, and Assets – Transfer of Revenue" for more discussion of the structure and cost of this proposed reimbursement agreement.)

### **Transfer of City Personnel**

The number of department staff that, as of fiscal year 2000-01, provide services to the Harbor can be estimated based on the current location of staff as well as the estimated workload and service needs in the Harbor. For fiscal year 2000-01 the department has 1,884 budgeted positions, of which 5 are Commissioners.<sup>56</sup> The department is divided into 10 divisions, the functions of which are described in the table below.

<sup>55</sup> The department also operates some facilities located outside the boundaries of Los Angeles. These include five camping facilities: Camp High Sierra in Mammoth Lakes, Camp Redford in Angeles Oaks, Camp Seeley in Crestline, Camp Valcrest in La Canada Flintridge, and Decker Canyon Camp in Malibu.

<sup>56</sup> In addition to these budgeted full-time positions, the department makes extensive use of part-time employees to operate its facilities. For fiscal year 1999-00, the department allotted 1,831,566 part-time hours. These part-time hours are not included in this analysis.



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## DEPARTMENT OF RECREATION AND PARKS INTERNAL DIVISION FUNCTIONS

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| <u>Division</u>                   | <u>Function</u>                                                                                                                                                                                                                                           |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Management                        | Provides department-wide management and oversight.                                                                                                                                                                                                        |
| Administrative and Finance Branch | Responsible for administrative and financial control functions, including accounting, budgeting, and other administrative functions.                                                                                                                      |
| Public Relations Branch           | Responsible for public information, department publications, news media relations, and photography.                                                                                                                                                       |
| Resource Development Branch       | Responsible for administering and securing grants.                                                                                                                                                                                                        |
| Personnel Branch                  | Oversees hiring process and maintains all employee records; also manages employee-management relations and workers compensation issues.                                                                                                                   |
| Planning and Development Branch   | Responsible for administrative, project management, and environmental analysis functions on department design and construction projects; also responsible for land management and for scope/pre-design engineering and architectural on capital projects. |
| Citywide Services Branch          | Administers numerous programs related to golfing, department equipment and grounds, child care, senior citizens recreation, aquatics, and other department-sponsored activities.                                                                          |
| Griffith Metro Region             | Manage grounds, facilities and operation of Griffith Park, Griffith golf courses, Elysian Park, Echo Park, MacArthur Park, and other facilities and areas.                                                                                                |
| Pacific Region                    | Manage grounds, facilities and operation of Venice Beach Recreation Center, Angels Gate Complex, Ken Malloy Harbor Regional Park, and several other facilities and areas.                                                                                 |
| Valley Region                     | Manage grounds, facilities, and operation of Sepulveda and Hansen Dam recreational facilities, O'Melveny Park, and several other facilities and areas.                                                                                                    |

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Based on the functions of each division, measures of workload and service needs have been identified that provide a basis for estimating the proportion of each departmental division providing service to the Harbor. As shown in the table below, it is estimated that a total of 180 positions provide service to the Harbor. A special reorganization would thus result in 180 positions, or roughly 9.6% of the department's staff, being transferred to the new Harbor City.



**DEPARTMENT OF RECREATION AND PARKS  
ALLOCATION OF WORKLOAD AND PERSONNEL**

| <u>Division</u>                   | <u>Allocation Method</u>                                                         | <u>Positions*</u> | <u>Harbor Allocation</u> |
|-----------------------------------|----------------------------------------------------------------------------------|-------------------|--------------------------|
| Management                        | Proportion of employees                                                          | 5                 | 1                        |
| Administrative and Finance Branch | Proportion of employees                                                          | 66                | 6                        |
| Public Relations Branch           | Proportion of employees                                                          | 4                 | 0                        |
| Resource Development Branch       | Proportion of employees                                                          | 17                | 2                        |
| Personnel Branch                  | Proportion of employees                                                          | 15                | 2                        |
| Planning and Development Branch   | Proportion of employees                                                          | 57                | 6                        |
| Citywide Services Branch          | Proportion of employees                                                          | 278               | 26                       |
| Griffith Metro Region             | Employee service area                                                            | 592               | 0                        |
| Pacific Region                    | Employee service area/Proportion of employees (portion of staff not transferred) | 462               | 137                      |
| Valley Region                     | Employee service area                                                            | 383               | 0                        |
| Total                             |                                                                                  | 1,879             | 180                      |

\* Number of positions per division based on the 1999-00 organization chart and excludes five Commissioners. Discrepancies between the number of budgeted positions for fiscal year 2000-01 and the number of positions on the organization chart were reconciled to match the number of budgeted positions.

The methodology used to estimate the number of positions providing service to the Harbor is as follows. For three divisions – Griffith Metro Region, Pacific Region, and Harbor Region – positions are apportioned based on the geographic service area to which these positions provide service. As discussed above, the Pacific Region has boundaries that encompass the Harbor special reorganization area. Thus, among all positions in the Pacific Region that are assigned to a specific geographic area within that Region, those positions assigned to facilities within the Harbor special reorganization area are apportioned to the new Harbor City. This consists of 110, or 29.7%, of the 371 positions in the Pacific region assigned to a specific geographic area within that Region. This same percentage (29.7%) is then applied to the 91 positions within the Pacific Region not assigned to any specific area within the Region, adding another 27 positions to the apportionment. From the Pacific Region, therefore, a total of 137 positions would be transferred to the new Harbor City. These 137 positions account for 9.5% of the 1,437 positions assigned to the department's three geographic Regions.

For the remaining divisions within the department – Management, Administration and Finance, Public Relations, Resource Development, Personnel, Planning and Development, and Citywide Services– the apportionment is made on a “proportion of employees” basis. Specifically, the number of positions providing service to the Harbor is estimated based on the proportion of employees in the department's three geographic Regions that provide services to the Harbor area. The logic of this apportionment is that the proportion of employees providing services to the Harbor among all those employees assigned to specific geographic regions is a measure of the percentage of positions in the department's remaining divisions providing services to the Harbor.



The department has also budgeted for a large amount of hours for “as needed” positions in fiscal year 2000-01. A proportional amount of the cost for these positions is assumed transferred to the Harbor City in the same percentage as the number of budgeted staff transferred.

#### Sufficiency of Staff Apportioned to Harbor and Retained by the City of Los Angeles

As is true of the staff of every department, staff throughout the Department of Recreation and Parks do not possess uniform levels of skill, training, or experience. It is therefore necessary to analyze the composition of staff to ensure that, if a special reorganization occurs, a sufficient number of qualified positions would be transferred to the new Harbor City and retained by the City of Los Angeles.

As shown in the table below, of the department's 1,879 non-Commissioner positions, roughly 53.3% are professional/technical. The professional/technical positions consist of Analysts, Engineers, Accountants, Systems Analysts, skilled tradesman, and most positions designated “Senior” or “Principal”. The administrative/support category comprises roughly 45.8% of department staff. It includes Clerks, Laborers, Workers, Helpers, and various administrative staff. Finally, roughly 0.9% of department staff are either upper management or highly specialized. These consist of General Managers, Assistant General managers, and various “Chief” positions.

To achieve, at least in percentage terms, a roughly similar mix of skills and experience among department staff in the new Harbor City, the 180 positions apportioned to the Harbor would consist of the following: 96 professional/technical, 82 administrative/support, and 2 specialist/management. Given its current mix of position categories, the department appears to contain sufficient staff in each category to allow for such a transfer.

#### **DEPARTMENT OF RECREATION AND PARKS COMPOSITION OF WORKFORCE**

| <u>Category</u>         | <u>Positions</u> | <u>% of<br/>Total</u> |
|-------------------------|------------------|-----------------------|
| Professional/Technical  | 1,001            | 53.3%                 |
| Clerical/Administrative | 861              | 45.8%                 |
| Management/Specialists  | 17               | 0.9%                  |
| Total                   | 1,879            |                       |

#### Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Harbor City the facilities, equipment and other assets that the department uses to provide services to the Harbor. Such a transfer would consist of all department facilities located in the Harbor. As part of the proposed apportionment, however, it is assumed that the City of Los Angeles harbor Department will reimburse the new Harbor City for the costs of providing services to the Cabrillo Marine Aquarium and the Los Angeles Maritime Museum, both of which are located on Harbor Department property and are currently the full financial responsibility of the Harbor Department. (See section “Transfer of Service, Costs, Revenues, and Assets – Transfer of Revenue” for more discussion of the structure and cost of this proposed reimbursement agreement.)

Appendix I to this report lists roughly 31 department facilities located in the Harbor that would transfer to a new Harbor City as part of a special reorganization. The list includes all parks and park-based facilities, aquatics facilities, historical sites, museums, and all community and senior citizen buildings and centers.

In addition to the facilities listed in Appendix I, the department also owns and operates 13 public golf courses, one of which is located in the Harbor. This golf course would be apportioned to the new Harbor City, and is listed in the table below.



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**DEPARTMENT OF RECREATION AND PARKS  
GOLF COURSE LOCATED IN THE HARBOR**

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| <u>Name</u>             | <u>Address</u>               | <u>Type</u> |
|-------------------------|------------------------------|-------------|
| Harbor Park Golf Course | 1235 N. Figueroa, Wilmington | 9-Hole      |

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Transition of Service to New City

It is assumed the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for administrative support staff and for the start-up period associated with the initiation of citywide payroll, accounting, and information services.

One potential transition issue relates to agreements the department has with several government entities for the use and/or maintenance of various facilities. Should a special reorganization occur, the new Harbor City may need to either negotiate new contracts with these government entities or ensure the terms of the exiting contracts can be adhered to. The table below lists the department's agreements with other government entities as of fiscal year 2000-01.

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**DEPARTMENT OF RECREATION AND PARKS  
AGREEMENTS WITH OTHER GOVERNMENT ENTITIES**

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| <u>Government Agency</u>                                 | <u>Nature/Purpose of Agreement</u>                                                                                    |
|----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| Los Angeles County Regional Park and Open Space District | Various capital grants for which the department is required to maintain specific capital improvements into perpetuity |
| Los Angeles Unified School District                      | Joint Use Agreement for operation of swimming pools and other facilities                                              |
| State of California Parks and Recreation                 | Various capital grants for which the department is required to maintain specific capital improvements into perpetuity |
| State of California Department of Justice                | Review and reporting of employee fingerprint results                                                                  |
| U.S. Dept. of Housing and Urban Development              | Senior/youth meals                                                                                                    |
| U.S. Army Corps of Engineers                             | Lease of Hansen Dam and Sepulveda Basin Recreation Areas                                                              |

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**Projected Expenditures**

The Department of Recreation and Parks' projected expenditures for fiscal year 2000-01 are roughly \$118.6 million. As shown in the table below, salaries and expenses constitute almost all of the Bureau's expenditures.



**CITY OF LOS ANGELES – DEPARTMENT OF RECREATION  
AND PARKS  
USES OF FUNDS**

| <u>Uses of Funds</u>      | <u>2000-01<br/>Budget</u> |
|---------------------------|---------------------------|
| Expenditures:             |                           |
| Salaries                  | \$ 96,344,238             |
| Expenses                  | 13,378,813                |
| Equipment                 | 2,141,309                 |
| Special                   | 782,000                   |
| Interdepartmental Charges | 5,623,270                 |
| <br>Total Expenditures    | <br>\$ 118,269,630        |

In addition to the expenditures above, the department will also expend roughly \$14.6 million as part of the City's Capital Improvement Expenditure Program (CIEP).

In estimating expenditures for the Department of Recreation and Parks in the new Harbor City, several assumptions are made about future staffing levels and operating costs. With respect to staffing levels, providing the Harbor with the services it receives from the department is estimated to require 180 positions throughout the entire planning period.

**Contractual Services**

The department's fiscal year 2000-01 budget for contractual services is roughly \$5.7 million. The department has ongoing contracts for several kinds of services: (1) Planning and Consulting: these include contracts for architectural design, engineering, and environmental research services; (2) Construction: for construction services on department facilities; (3) Concessions: these include concession contracts for food services, golf pro services, horse shows, arcade games, and batting cages; (4) Leases: contracts allowing companies to drill for oil on department-owned land; and (5) Personal Services: for financial planning and information technology services.

It is assumed that the new Harbor City will require similar contract services, and that the costs of these contract services can be estimated based on the percentage of department staff providing services to the Harbor (9.6%, as calculated above).

**Departmental Start-Up Costs**

The department would require the provision of office space, and would need to be incorporated in the new city's payroll, accounting, and information systems. The overall planning for the start-up of the department would also require interim, dedicated staff or consultant resources. These base start-up costs, which are expected to be incurred by almost all functions transferring to the new city, are accounted for in section "Harbor City Start-Up Costs."

**Projected Revenues**

The ability of the new Harbor City to provide municipal services depends significantly on its having access to sources of revenue to fund its operations. This section analyzes potential revenue sources available to fund the Department of Recreation and Parks in the new Harbor City, focusing on the degree to which the revenue sources currently used by the City of Los Angeles to fund the department are transferable to the Harbor.

The City of Los Angeles has historically funded the department primarily from the General Fund, but has also relied on several other funding sources. The new City of Los Angeles Charter mandates an annual appropriation to the department of not less than 0.0325% of assessed value of all property as



assessed for City taxes.<sup>57</sup> The table below shows the department's sources of funds for fiscal year 2000-01.

| CITY OF LOS ANGELES –<br>DEPARTMENT OF RECREATION AND<br>PARKS<br>SOURCES OF FUNDS |                           |
|------------------------------------------------------------------------------------|---------------------------|
| <u>Sources of Funds</u>                                                            | <u>2000-01<br/>Budget</u> |
| City Funds:                                                                        |                           |
| General Fund                                                                       | \$ 94,021,781             |
| Proposition K                                                                      | 251,549                   |
| Camps                                                                              | 570,000                   |
| Golf                                                                               | 15,950,000                |
| Observatory                                                                        | 600,000                   |
| Parks                                                                              | 1,500,000                 |
| Pools                                                                              | 674,000                   |
| Recreation Centers                                                                 | 1,200,000                 |
| Tennis Reservations                                                                | 550,000                   |
| Miscellaneous                                                                      | 2,417,300                 |
| Museum Donations                                                                   | 35,000                    |
| Unreserved Fund Balance                                                            | 500,000                   |
| Total                                                                              | \$ 118,269,630            |

In addition to these revenues, the department also receives several federal and state grants that support several department programs. These grant fund revenues will total roughly \$7.6 million in fiscal year 2000-01, with \$6.5 of this total coming from the federal Community Development Block Grant. With the exception of revenues from the Griffith Park Observatory, it is assumed that a proportional amount each of these revenue sources can be transferred to the new Harbor City.

<sup>57</sup> Charter of the City of Los Angeles, Art. V, Section 593(a).



## Water and Power

The department, under the City Charter, is responsible for supplying the City with water and electric energy by constructing, operating, and maintaining public works throughout the City, and Inyo and Mono counties. The department also imports water and electric energy to other western states.

### **Description of Existing Service – Water**

The City has three principal water supply sources: the Los Angeles Aqueduct (LAA), local groundwater, and purchased water imported by the Metropolitan Water District of Southern California (MWD).

#### Los Angeles Aqueduct

The First LAA was completed in 1913, and consisted of the 233-mile Owens River Aqueduct transporting water from the eastern slopes of the Sierra Nevada. In 1940, the aqueduct was extended 105 miles north to the Mono Basin. The Mono Basin Project increased the capacity of the LAA system to almost 300 million gallons per day (mgd) or 336,000 acre feet per year. An acre foot (ac ft) equals the amount of water that covers an acre by one foot, or 43,560 cubic feet of water, or 325,851 gallons.

The Second LAA was completed in 1970 and transports additional water from the southern Owens Valley to Los Angeles. The completion of the Second LAA increased the system capacity to about 500 mgd or 560,000 ac ft per year.

There are seven reservoirs in the LAA system with a combined storage capacity of approximately 325,000 ac ft. Long Valley Reservoir (Crowley Lake) is the City's largest storage reservoir. Listed in the table below is the capacity of each of the City's aqueduct and local reservoirs.

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#### **DEPARTMENT OF WATER AND POWER AQUEDUCT RESERVOIRS**

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| <u>Reservoir</u>           | <u>Capacity<br/>(Acre Ft.)</u> |
|----------------------------|--------------------------------|
| Crowley Lake (Long Valley) | 183,249                        |
| Grant Lake                 | 47,499                         |
| Bouquet                    | 33,767                         |
| Tinemaha                   | 6,306                          |
| North Haiwee               | 11,533                         |
| South Haiwee               | 27,774                         |
| Fairmont No. 2             | 491                            |
| Pleasant Valley            | 2,989                          |
| Total                      | 313,608                        |

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Source: City of Los Angeles Department of Water and Power



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**DEPARTMENT OF WATER AND POWER  
SERVICE AREA RESERVOIRS**

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| <u>Local Reservoir</u>          | <u>Capacity<br/>(Acre Ft.)</u> |
|---------------------------------|--------------------------------|
| Lower Stone Canyon              | 10,372                         |
| Los Angeles                     | 10,170                         |
| Encino                          | 9,789                          |
| Lower Hollywood                 | 4,029                          |
| Silver Lake                     | 2,440                          |
| Upper Stone Canyon              | 422                            |
| Santa Ynez                      | 359                            |
| Eagle Rock                      | 254                            |
| Van Norman Bypass               | 240                            |
| 86 smaller reservoirs and tanks | 1,320                          |
| <br>Total                       | <br>39,395                     |

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Source: City of Los Angeles Department of Water and Power

#### Local Groundwater Supply

The City is also entitled to 110,000 ac ft per year from the San Fernando Basin (SFB), and Central, Sylmar, and West Coast groundwater basins. The San Fernando and Sylmar basins are part of what is referred to as the Upper Los Angeles River Area (ULARA), which also includes a Verdugo and Eagle Rock basin. The City has extraction rights to all but the Verdugo Basin. Since 1970, local wells have produced about 95,000 ac ft per year accounting for 15 percent of the City's total water supply. About 80 percent of this groundwater comes from the SFB with the remaining basins making up the balance. In emergencies or during prolonged drought periods, additional groundwater can be extracted from the SFB. The availability of groundwater supplies is planned by the City to increase to 152,000 ac ft per year by 2015 if recycled water is used to recharge and replenish the water stored in the SFB.

In 1781, the King of Spain granted 17,000 acres of land and the water rights to all of the upper Los Angeles River to the original settlers of Los Angeles. The City retains these "Pueblo" water rights to virtually all of the surface and groundwater of the ULARA. In 1979, the California Supreme Court ended 20 years of court litigation with an affirmation of these rights.

#### Purchased Water

The MWD is a regional water "wholesaler," providing water to agencies. MWD serves 27 member agencies in Southern California with a population of nearly 16 million people. Since 1970, the City has purchased an average 125,000 ac ft per year from the MWD, or 20 percent of the City's total supply. The City's annual MWD purchases can vary significantly, depending on the need to supplement LAA deliveries if dry conditions exist.

#### In-City Treatment and Distribution Facilities

The department operates a state-of-the-art water treatment plant in Sylmar to produce water that meets or exceeds all drinking water standards. This treatment plant was put in service in 1988 and has a treatment capacity of 600 mgd. Additionally, two groundwater treatment facilities have been constructed to remove contaminants from wells in the San Fernando Basin.

Treated water is distributed to the City by a system consisting of about 7,200 miles of water mains ranging from four inches to 10 feet in diameter. The oldest pipes were installed in 1885. Storing and regulating water in the city is done with the use of 81 tanks and 17 reservoirs. In areas of higher



elevation, 85 pump stations deliver water. There are about 5,500 fire hydrants connected to the City water system. Water use is measured by about 660,000 metered service connections.

#### Water Demands

Annual water demands in Los Angeles are about 628,000 ac ft with an average per capita use of 135 gallons per day. About two-thirds of the City's demand is for residential uses, equally shared by single-family and multi-family units. About one-quarter of the demand is for commercial and governmental uses, with a very small amount used by industry. The City's has projected its water demand to grow to about 750,000 ac ft per year to support an estimated additional 900,000 residents expected by 2015.

#### Statistics

In fiscal year 1998-99, the following quantities of water by source were produced by the Los Angeles Department of Water and Power. Quantities so produced as reported by LADWP are:

#### **DEPARTMENT OF WATER AND POWER QUANTITY OF WATER PRODUCED**

|                       | Quantity<br>(acre-feet, ac ft) | %<br>of Total |
|-----------------------|--------------------------------|---------------|
| Los Angeles Aqueducts | 422,960                        | 67%           |
| Local Groundwater     | 128,500                        | 21%           |
| MWD Purchases         | 72,700                         | 12%           |
| Total                 | 624,160                        | 100%          |

Note: Of the City's total local groundwater supply, 105,940 ac ft was pumped from the San Fernando Basin, and 22,570 ac ft was pumped from the Central and Sylmar Basins.

The projected water supply mix for the City by 2005 (from LADWP Year 2000 Urban Water Management Plan, also available at [www.ladwp.com](http://www.ladwp.com)), is:

#### **DEPARTMENT OF WATER AND POWER WATER SUPPLY MIX**

| <u>Source</u>         | <u>Supply Condition</u> |            |            |
|-----------------------|-------------------------|------------|------------|
|                       | <u>Normal</u>           | <u>Dry</u> | <u>Wet</u> |
| Los Angeles Aqueducts | 0.47                    | 0.22       | 0.65       |
| Local Groundwater     | 0.16                    | 0.19       | 0.15       |
| MWD Purchases         | 0.33                    | 0.56       | 0.17       |
| Recycled Water        | 0.03                    | 0.03       | 0.03       |

The City's Pueblo water rights apply to all surface water in the Upper Los Angeles River Area and to groundwater in the San Fernando Basin, but not in the Sylmar Basin. About half of the City's 90,000 ac ft per year groundwater entitlement from the San Fernando Basin is from the Pueblo right, with the other half coming from return flows (recharge from delivered water).

The City has appropriative and return flow groundwater rights of approximately 3,250 ac ft per year in the Sylmar Basin (approximately one-third appropriative and two-thirds return flow right). Additionally, 5,000 ac ft per year of surface flow originating from land that overlies the Sylmar Basin recharges the SFB and is part of the City's Pueblo right in the SFB.

Pursuant to the judgment in *Los Angeles v. San Fernando L.A.S.C. No. 650079*, the Watermaster is responsible for recalculating the safe yield of the Sylmar and San Fernando Basins as needed. This



determination fixes the amount of water that may be produced by the City from those sources. The return flow portion of the City's groundwater right, however, is calculated based on the quantity of delivered water into each respective basin.

The Los Angeles Aqueduct (LAA) delivers surface and groundwater from the Owens Valley and surface water from the Mono Basin. Most of the water delivered by the LAA (over 90%) today comes from surface runoff from the Owens Valley. LADWP uses the same water rates inside the City regardless of the source of water that is served to its customers. However, as described above, a different rate level applies to customers that are located outside the City.

The LADWP reports its cost of producing City water in fiscal year 1998-99 was:

| <b>DEPARTMENT OF WATER AND POWER<br/>COST OF PRODUCING WATER</b> |                           |                                      |
|------------------------------------------------------------------|---------------------------|--------------------------------------|
|                                                                  | <b><u>Total Costs</u></b> | <b><u>Quantity<br/>Delivered</u></b> |
| Los Angeles Aqueducts                                            | \$ 75,427,600             | 422,960 AF                           |
| Local Groundwater                                                | 15,072,500                | 128,500 AF                           |
| MWD*                                                             | 30,300,000                | 72,700 AF                            |

\*MWD treated noninterruptible water rate is \$431 per ac ft as of Jan. 1, 2001.

Total costs for Los Angeles Aqueduct and local groundwater are primarily fixed overhead and maintenance expenses, and are not directly related to the amount of water delivered. Data provided by LADWP reflect expenses incurred to produce water prior to introduction to the distribution system. Los Angeles Aqueduct total costs include source of supply, pumping, treatment, and transmission expense. Local groundwater costs include mainly expenses related to pumping groundwater, including power. MWD costs reflect total invoices from MWD for the fiscal year.

The City currently does not pump groundwater from the West Coast Basin, and there is no other local groundwater production other than from the SFB, Central, and Sylmar basins. LADWP no longer operates the town water systems in the Owens Valley. In fiscal year 1998-99, 7,785 ac ft of water were sold to customers outside the City.

#### **Applicant's Proposed Service Method**

In its "vision statement," the Harbor applicant has proposed that, as part of the special reorganization, the Department of Water and Power would be jointly managed by a "Tri-Cities Water and Power" department, comprised of representatives of the proposed Harbor and Valley cities, and the City of Los Angeles. The specific legal structure of the Tri-Cities Water and Power has not been specified.

#### **Issues Affecting Apportionment - Water**

Currently, residents of the Harbor area proposed reorganization area are residents within the City of Los Angeles, and are on the same water rate basis with other property inside the city. Before reorganization, customers within the Harbor area have the same rights to service as all other City customers, and have contributed cash flow, through user charges and connection fees, identically with all other users and landowners inside the city limits. If reorganization were to occur, it does not appear that a change to the rate basis of the Harbor area ratepayers would occur solely as a result of such a special reorganization.

The Harbor City would no longer be part of the City of Los Angeles, and the City does not have established water rates for outside-city use. The City Charter, however, permits the sale of surplus water (other than Los Angeles River water) to customers outside the City for their own use, and to



other municipalities under contracts of up to 15 years upon approval of the electorate.<sup>58</sup> The City could develop rates for the Harbor City on what is called a “utility basis” and charge for depreciation and a rate of return on equity (under the concept that facilities are owned by inside-city customers). This concept or theory has been accepted by the California Supreme Court in its affirmation of the Superior Court ruling in *Hansen v. City of San Buenaventura*, that treats outsiders as if they do not “own” or have equity in the water system; and therefore are “renting” the capacity they use. Most publicly owned water utilities (including the LADWP Water System), however, use the cash basis for establishing user charge rate levels, and do not charge for depreciation or return on equity to its customers.

The LADWP transfers net income from the Water Enterprise Fund to the City of Los Angeles General Fund. The City specifically states these transfers are not “in-lieu” taxes. Pursuant to bond indenture covenants, these interfund transfers may not exceed the prior year’s net income.

Debt covenants specify that net income as defined must be sufficient to pay for “certain” amounts of future annual bond interest and future annual aggregate bond interest and principal maturities. This is an earnings test constraining net income each year to be more than what is required to refund debt, and is a customary practice that protects the rights of the bondholders.

The City has constructed recycled water facilities partially funded by Federal grants. The U.S. Department of Interior partially funded the East Valley Water Reclamation Project under Grant Number 1425-5-FG-30-00070. Phase 1 is presumably completed. Capacity for both Phases 1 and 2 is estimated to be 35,000 ac ft per year.

#### **Assumed Service Method - Water**

The applicant has proposed that the LADWP would be jointly managed by the proposed Harbor City; however, the specific legal and financial structure of a Tri-Cities Water and Power entity has not been provided. Because of the omission of a specific legal and financial structure in the applicant’s proposal, it is assumed in this initial fiscal analysis that the Harbor City would contract with the LADWP for the provision of water services, and the existing water system will continue in operation as an integrated entity serving the City of Los Angeles and the new Harbor City. It is further assumed that the user charge levels in the Harbor City will not materially deviate from those charged ratepayers within the City of Los Angeles, and the LADWP will continue to own, operate, maintain, and provide administrative support for the entire system.

The City would, in the event of a special reorganization, retain the economic benefit of lower cost water produced through Los Angeles’ ownership of Pueblo rights, and theoretically customers in the Harbor City would be charged based on sources of supply other than Pueblo rights water (including groundwater, water produced from the Central and West Basins, Los Angeles Aqueduct water, and water purchased from MWD). However, any increase in the average cost of water for Harbor City ratepayers could be offset by a lower charge for the interfund transfers to the City of Los Angeles General Fund, resulting in the same water rates as City customers.

#### **Description of Existing Service - Power**

As of September 30, 1999, the steam electric generating capacity was equal to 74% of the Power System’s total net capability, and hydroelectric generating capacity was equal to 26% of the Power System’s capability. Purchases are made on a day-to-day or week-to-week basis that will alter these percentages. These ratios represent a substantial change from the situation in 1940 when 95 percent of the Power System’s capability was provided by hydroelectric sources.

As of September 30, 1999, the Power System had the following types of generating resources available to it. These resources include facilities owned by the Los Angeles Department of Water and

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<sup>58</sup> Charter of the City of Los Angeles, Art. VI, Sections 672(a) and 677.



Power (LADWP), either solely or jointly with other utilities, and resources available through long-term power purchase arrangements.

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**DEPARTMENT OF WATER AND POWER  
POWER GENERATING RESOURCES**

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| <u>Type of Unit</u> | <u>Number</u> | <u>Maximum<br/>Capacity<br/>(MW)</u> | <u>Net<br/>Dependable<br/>Capacity<br/>(MW)</u> |
|---------------------|---------------|--------------------------------------|-------------------------------------------------|
| Oil/Gas             | 18            | 2,962                                | 2,921*                                          |
| Coal                | 7             | 1,901                                | 1,832                                           |
| Nuclear             | 3             | 368                                  | 368                                             |
| Hydroelectric       | 29            | 1,927                                | 1,887                                           |
|                     | —             | —                                    | —                                               |
| Total               | 57            | 7,158                                | 7,008                                           |

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\* Valley Generating Station's Net Dependable Capability has been reduced to 323 MW due to the long-term lay-up of Units 1 and 2.

Valley Generating Station's Net Dependable Capability has been reduced to 323 MW due to the long-term lay-up of Units 1 and 2.

LADWP-Owned Generating Facilities

The LADWP is the sole owner of four steam electric generating facilities, the Haynes Generating Station in Long Beach, the Valley Generating Station in the San Fernando Valley, the Harbor Generating Station in Wilmington, and the Scattergood Generating Station near El Segundo. The capacity of the generating units is provided below.

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**POWER GENERATING FACILITIES OWNED  
BY THE  
DEPARTMENT OF WATER AND POWER**

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| <u>Station</u>                 | <u>Capacity<br/>(MW)</u> |
|--------------------------------|--------------------------|
| Haynes Generating Station      | 1,570                    |
| Valley Generating Station      | 517                      |
| Harbor Generating Station      | 266                      |
| Scattergood Generating Station | 803                      |
|                                | —                        |
| Total                          | 3,156                    |

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Source: City of Los Angeles Department of Water and Power.

The LADWP's major sources of hydroelectric capacity consist of the Castaic Power Plant (1,247 MW), which is solely owned by the LADWP, and its entitlement from the Hoover Power Plant (491 MW).

Jointly-Owned Generating Facilities

The LADWP has an undivided interest in several jointly owned generating stations, where each participant is responsible for its share of construction, capital, and operating and maintenance costs. The LADWP has a 5.7% (217 MW) direct ownership interest the Palo Verde Nuclear Generating Station, which is located approximately 50 miles east of Phoenix, Arizona, and consists of three nuclear generating units, and a 67.0% (151 MW) entitlement interest in the Southern California Public Power Authority (SCPPA) ownership share, bringing the total capacity interest to 368 MW. The



LADWP also has a 20% (316 MW) ownership share in a Mohave Station, which is located in Southern Nevada, and a 21.2% (477 MW) share in a Navajo Station, which is located in Northern Arizona.

#### Capacity Rights

The LADWP has capacity rights through take-or-pay obligations or other purchase agreements for a total capacity of 1,673 MW. The Intermountain Power Project (IPP) is located near Lynndyl, Utah and provides the LADWP with a 66.8% (1,068 MW) entitlement. The generating station consists of a two-unit electric generating plant with a net rating of 1,600 MW during most of the year. The LADWP is obligated to pay for its share of capacity and energy on a "take-or-pay" basis. The Hoover Power Plant is located on the Arizona-Nevada border approximately 25 miles east of Las Vegas. The facility is owned and operated by the U.S. Bureau of Reclamation. The LADWP has a power purchase agreement for 491 MW of capacity through September 2017. The LADWP also has an agreement with the Montana Power Company, which provides 114 MW of capacity at the Colstrip Generation Station on a take-or-pay basis.

#### Spot Purchases

The LADWP purchases capacity and energy from the Bonneville Power Administration ("BPA") and other Pacific Northwest utilities under short-term "spot" arrangements to be delivered over the Pacific Direct Current Intertie (the "Pacific DC Intertie"). For further information on the Pacific DC Intertie, see "Transmission and Distribution Facilities" below. These purchases are used by the LADWP in conjunction with other resources for economic system operation. In addition, purchases of economy energy are made from other entities located in the Southwest.

#### Cogeneration

Cogeneration projects totaling approximately 300 MW nameplate capacity are currently operating within the LADWP's service area. Some of these projects are selling excess energy to the LADWP under negotiated agreements. In addition, several customers are assessing the feasibility of on-site generation, as a means of satisfying their energy needs. The amount of this additional capacity is unknown at this time.

#### Distributed Generation

The LADWP is assessing the ability of distributed generation (e.g., solar, fuel cells, micro turbines) to play an important role in its generation mix. Distributed generation provides the opportunity for improved system reliability, environmental benefit, and more efficient use of the LADWP's resources. No prediction can be made as to the timing or extent of the development of such distributed generation.

#### Conservation and Energy Efficiency

The City Charter authorizes the LADWP to engage in and finance activities related to the conservation of electricity and water. The LADWP is pursuing conservation and energy efficiency ("C/EE") as a means of deferring the need to acquire costly new generating facilities, improving the value of electric service to customers, and minimizing negative environmental impacts. The LADWP offers comprehensive programs and services for both residential and commercial customers to encourage the installation of C/EE measures and equipment. The C/EE net budget for the fiscal year ending June 30, 2000, is \$5.1 million. The current Power System Resource Plan shows in excess of 300 MW of C/EE "Resource" to be acquired for the fiscal year ending 2001.

#### Excess Capacity

The Power System presently has an excess of generation capability that is being marketed into the California and Southwest energy markets. With equipment outages, retirement of equipment, and anticipated load growth, the LADWP anticipates that current resources will not provide excess capacity beyond 2002. The LADWP is investigating the economic feasibility of acquiring additional generation resources, but no such resources are included in the LADWP's current capital improvement plans. See "Projected Capital Additions" below.



#### Transmission and Distribution Facilities

Electricity from the LADWP's hydroelectric and steam power sources is delivered to customers over an extensive transmission and distribution system. To deliver energy from generating plants to the customers, the LADWP owns and/or operates approximately 19,840 miles of alternating and direct current transmission and distribution circuits operating at voltages ranging from 120 to 1,000,000 volts. In addition to utilizing its transmission system to deliver electricity from resources located in other states, the LADWP transmits energy for others through its system when surplus transmission capacity is available and such transmission is permitted by applicable bond covenants. As the operating agent of the Pacific Direct Current (DC) Intertie, the Intermountain Power Project's Southern Transmission System, and Navajo-McCullough Line, the LADWP transmits energy for the co-owners of or participants in these facilities.

Pursuant to AB 1890, as part of the deregulation of the California electric industry, municipal utilities such as the LADWP are encouraged but not required to transfer operational control of their electric transmission facilities to the Independent System Operator (ISO), an independent state agency. While the Board or the City Council has taken no action in this regard, the LADWP has held discussions with the ISO concerning the terms under which the LADWP might turn over operational control of its transmission facilities to the ISO and utilize transmission facilities controlled by the ISO in delivering electric energy from outside its service area. Until a number of issues related to such action, including the effects on the tax-exemption of LADWP bonds and the costs of transmission service are satisfactorily resolved, the LADWP does not expect that operational control of its transmission facilities will be turned over to the ISO. While discussions with the ISO are continuing the LADWP cannot predict whether all issues related to the ISO will be satisfactorily resolved, the amount of time any such resolution might take, or whether any such action would be approved by the Board or the City Council.

There exist detailed rights and capacities the LADWP owns in certain systems and facilities, which include the following:

- Southern Transmission System,
- Pacific DC Intertie and Sylmar Converter Station,
- Devers-Palo Verde No. 1 Transmission Line,
- Mead-Phoenix Transmission Project, and
- Mead-Adelanto Transmission Project.

#### Projected Capital Additions

The LADWP currently estimates it will invest approximately \$1 billion for capital improvements to the Power System from the fiscal year ending June 30, 2000, to the fiscal year ending June 30, 2004. As of December 31, 1999, the LADWP retained \$74 million in proceeds of a prior bond issue available for such purposes. The LADWP currently expects over 80% of funds spent for capital improvements will be dedicated to improving and updating the Power System's distribution facilities, and to upgrade generation, transmission and other facilities. While the current plans for capital improvements to the Power System do not include any specific generation resources, the LADWP will continue to evaluate alternative sources to meet its expected load growth and anticipated additional sales of capacity and energy. New financing must be authorized by the Board and approved by the City Council. Current policy allows up to 50% of the future capital program to be financed with long term debt. The current capital improvement program estimated expenditures are summarized below:



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**SUMMARY OF POWER SYSTEM  
CAPITAL IMPROVEMENT PROGRAM  
(Dollars in Millions)**

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| <u>Fiscal<br/>Year</u>     | <u>Capital<br/>Program</u> |
|----------------------------|----------------------------|
| 2000                       | 200                        |
| 2001                       | 190                        |
| 2002                       | 207                        |
| 2003                       | 215                        |
| 2004                       | 203                        |
| Total net of Contributions | 1,015                      |

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Source: City of Los Angeles Department of  
Water and Power.

#### Fuel Supply

The LADWP's Los Angeles Basin fossil fuel requirements are estimated to range between 20 and 60 billion equivalent cubic feet of natural gas per year during the period 1999 to 2001. Natural gas is expected to be available to supply these requirements during that period. The LADWP has entered in one long-term gas supply contract for about one-third of the LADWP's average yearly needs. The remaining natural gas requirements are obtained through a competitively bid spot purchase program. The Southern California Gas Company provides intrastate transportation and balancing services to the LADWP. Firm interstate natural gas transportation capacity has been obtained on three pipelines into California to 2007. Additional interstate pipeline capacity is acquired through federally approved capacity brokering programs. Long-term fuel oil requirements are expected to be minimal, although gas transportation and supply curtailments could require increased utilization of fuel oil.

#### **Issues Affecting Apportionment - Power**

For technical operational reasons, the energy supply and transmission grid system should continue to be operated as an integrated whole, and if facilities are to be transferred, they should consist of distribution system facilities required to deliver the energy to the end users.

Even if specific power assets were allocated, any divestiture plan developed by LAFCO would likely require that the:

- Costly transmission facilities can continue to be operated as an integrated system,
- The existing long term energy supply contracts, obligations, and benefits can be preserved,
- The LADWP is not restricted in its ability to meet its contractual obligations for its bonds and take-or-pay agreements, and
- The LADWP can maintain the revenue and financial flexibility achieved from its current customer base.

The LADWP reported \$3.9 billion in outstanding power system debt as of June 30, 2000, and is contractually obligated to purchase power from certain generation facilities and from SCPPA. In the event of a divestiture, the LADWP would continue to be obligated to repay its debt and purchase power according to the terms of its take-or-pay agreements (until the underlying debt related to the agreements is no longer outstanding). If the Harbor City were allowed to make purchases from another power generator (although at current spot prices for power it may not be economical for a Harbor City to do so), the LADWP may, depending on the market price of electricity, need to rely on Harbor area customers to meet its debt service and take-or-pay obligations.



### **Assumed Service Method - Power**

Because the applicant has not proposed a specific legal and financial structure in its proposal, and given the City would need to retain the Harbor City as a power customer, it appears that the most likely option available to the Harbor City is to contract for power service from the LADWP. The question then arises as to whether the City can refuse to provide service to a newly incorporated Harbor City, and at what rates would the residents and businesses of the Harbor City be charged.

It appears that Cortese-Knox provides LAFCO with sufficient authority to require the LADWP to provide the Harbor City power service, and charge the Harbor City the same electric power rates as the remaining City of Los Angeles, so long as LAFCO through its terms and conditions does not unduly restrict the City's contractual obligations. The Harbor City could therefore continue to receive the same level of power service currently provided by the LADWP through a contractual agreement with the LADWP.

The rate basis for the Harbor City would differ from other City ratepayers, as the Harbor area residents and businesses would not be equity holders in the system, and theoretically could not be charged a capital recovery component (debt service and annual pay-as-you-go) as part of their power rates. In order to adjust Harbor City rates to the same level of rates citywide, the LADWP could assess Harbor City ratepayers a return on equity component, in lieu of capital recovery. However, the implication of not owning equity in the power system is that the transfer of "surplus" power system revenues that are transferred annually to the City's General Fund would not accrue to the Harbor City.

As part of an agreement to be the "wholesale" supplier of power to the retail electric systems of the new city, the LADWP would have to recover the new city's pro rata share of the debt service and annual pay-as-you-go obligations now incurred as current ratepayers of the LADWP. This would be equivalent to a capital recovery cost, and should be computed so that theoretically it would apply to all ratepayers whether located within or without the Los Angeles City limits.



## Community Redevelopment Agency

The Community Redevelopment Agency (CRA) is a nonprofit organization created by the City of Los Angeles to remove blight in accordance with Section 33000 of the California Health and Safety Code. The CRA receives no monies from the City's General Fund. However, the CRA is regulated by state law, which requires that the City Council approve its budget. The CRA administers 27 redevelopment projects, seven earthquake disaster assistance projects, three revitalization areas, and four study areas, which encompass approximately 20,000 acres throughout the City. In addition, the CRA provides for affordable housing and childcare citywide.

### Distribution of Service within the City

A seven-member Board of Commissioners appointed by the Mayor oversees the CRA. The Board appoints an administrator who supervises staff in such fields as engineering, urban planning, finance, audit, housing, real estate, architecture, equal opportunity and management.

The CRA's central offices are located at 354 South Spring Street in downtown Los Angeles. All central administration occurs in this office with the exception of Central Maintenance. This division, located at 1119 W. 25th Street in Los Angeles, maintains all CRA-owned properties. All of the CRA's redevelopment projects are administered through 10 project site offices, one of which is located in the Harbor area. The two redevelopment project areas in the Harbor - Beacon Street and the Los Angeles Harbor Industrial Center - are administered through the Harbor site office located at 521 West Fifth Street, Suite 200.

### Proposed Apportionment

The apportionment discussion of the CRA differs from that proposed for most other City departments. Because the CRA receives no monies from the City's General Fund, its apportionment does not directly affect revenue neutrality, and thus the financial viability of the new Harbor City, should a special reorganization occur.

However, although the CRA does not receive appropriations from the City's General Fund, there are several complex financial arrangements between the two entities that must be accounted for as part of a special reorganization. These arrangements generally include, but are not limited to, loans from the City of Los Angeles to the CRA, and CDBG grants programmed to the CRA by the City. Should a special reorganization occur, the redevelopment areas that would become redevelopment areas within the proposed Harbor City would need to continue any repayment of the proportional share of any City loans in order that the contractual obligation to the City is not negatively impacted.

The CRA has also issued bonds secured by tax increment revenue in both the Beacon Street and the Los Angeles Harbor Industrial Center project areas. In the event of a special reorganization, the tax increment in these project areas must continue to be pledged for repayment of the bonds, so long as the bonds are outstanding.

Nonetheless, the proposed apportionment would have the new Harbor City assume the services the Harbor area currently receives from the CRA. Such an apportionment could be accomplished by transferring to the new Harbor City those CRA personnel that, as of fiscal year 2000-01, provide services to the Harbor and a proportionate share of the assets used to provide direct administrative support to the CRA.

### Transfer of City Personnel

The number of department staff that, as of fiscal year 2000-01, provide services to the Harbor area can be estimated based on the current location of staff as well as the workload and service needs of each project area. In order to better understand how each division would be apportioned, the functions of each are described in the table below.



## COMMUNITY REDEVELOPMENT AGENCY INTERNAL DIVISION FUNCTIONS

| <u>Division</u>             | <u>Function</u>                                                                                                                                                                                 |
|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Office of the Administrator | Manages the CRA's divisions.                                                                                                                                                                    |
| Business Management         | Handles all business operations, audits and compliance, and public affairs.                                                                                                                     |
| Community Operations        | Manages all projects and study areas. Project managers and staff are located at site offices.                                                                                                   |
| Finance and Accounting      | Manages all financial issues, debt management, accounting, budget, and asset management.                                                                                                        |
| Organizational Support      | Provides IT, facilities maintenance and management, records maintenance and risk management, and handles human resources.                                                                       |
| Professional Services       | Provides environmental planning, project planning and professional services including engineering, construction, underwriting and real estate, appraisal, property acquisition, and relocation. |

The methods used to apportion the CRA are based on either geographic location or proportion of tax increment generated. The Community Operations Divisions is comprised of site offices, each of which is dedicated to providing services to the area in which it is located. Therefore, staff dedicated to the San Pedro site office would be transferred to the new Harbor City. All other divisions provide internal support to the project areas. Given that each project area is supported by the tax increment it generates, it is reasonable to apportion each division providing internal support by the proportion of tax increment generated by each project area. According to the CRA's fiscal year 2000 Financial Statements, projects located in the Harbor generated 1.8% of the citywide tax increment.

### Transfer of Equipment and Facilities

The proposed apportionment would consist of transferring to the new Harbor City the facilities, equipment and other assets used to provide services to the Harbor area. In general, this would include transferring facilities located in the Harbor area, as well as the resources located at those facilities, to the new Harbor City. It would also include transferring a proportionate share of centrally located equipment and other assets to the new Harbor City. Given these general criteria, the proposed apportionment would include the transfer of the San Pedro site office to the Harbor City.

### Transition of Service to the New City

If the CRA is apportioned, it is expected that the City could transfer all required staffing necessary for the department to functionally operate within a minimal 8-month timetable. The 8-month period would be needed to provide workspace for staff transferred to the new city and the acquisition, development, or transfer of equipment and systems to the new Harbor City.

### **Projected Expenditures**

According to the CRA Proposed FY 2001 Work Program Budget Schedules, the FY 2001 budgeted expenditures for project areas in the Harbor is \$3.5 million, compared to total CRA budgeted expenditures of \$228.1 million. The number of staff transferred to the new Harbor City and requisite salaries and benefits will be a function of the tax increment generated by project areas located in the Harbor area.

### Contractual Services

The CRA generally contracts outside vendors for technical expertise. In fiscal year 1999-2000 the CRA contracted outside vendors to perform financial consulting, construction-related services, landscape architecture, and feasibility studies. The CRA also contracted with various City departments to fulfill cooperative agreements in select project areas. For example, the CRA contracted with the Community Development Department to execute a commercial façade and signage improvement program in the Western/Slauson project area. It is estimated that the new



Harbor City will require the same proportion of contractual services currently dedicated to projects located in its jurisdiction.

The new city's CRA will also need to contract with the City for the administration of CDBG grants until the program year in which the Harbor City receives and administers its own CDBG grant funds.

#### Department Start-up Costs

The CRA would require the provisions of office space and time to establish a payroll system, which is independent of that administered by the City. The overall planning for the start-up of the CRA would also require interim, dedicated staff or consultant resources.

#### **Projected Revenues**

The CRA's funds are generally derived from the following sources: (1) tax increment generated from each of the redevelopment project areas, (2) grants including federal Community Development Block Grants (CDBG), federal HOME Investment Partnerships Program (HOME), federal Economic Development Administration (EDA) and federal Intermodal Surface Transportation Efficiency Act (ISTEA), (3) bond proceeds, and (4) discretionary revenues. Most of these funds have restriction on how or where they can be expended. The tax increment funds generated in a particular redevelopment project area can only be expended on redevelopment activities within that area. Grant funds are awarded for specific project activities. Housing funds that are part of the 20% set-aside of tax increment funds for low- and moderate-income housing pursuant to State Redevelopment Law are restricted for that purpose. Finally, discretionary funds are generated from land sales, ground leases, investment income and developer proceeds. These funds lack the typical restriction and mandates imposed by State Law, giving the CRA discretion over how they are expended. The Harbor City would be eligible to receive funding from each of the revenue sources that currently fund the CRA.

Cost projections for the CRA cannot be estimated because of the uncertainty of the commitment of funds. CRA history indicates that some level of grants and new funding can be expected; however the CRA does not rely on any assumed level of funding for budgetary projections.



## Wastewater Service

The City of Los Angeles Bureau of Sanitation operates the sewage systems that collect, treat, and dispose of sewage that originates in the City of Los Angeles and in communities located outside the City that contract for this service. In Los Angeles and Orange Counties, wastewater systems are in general regional in scope, while water systems are more local. There exist more than 500 separate local water systems in Los Angeles and Orange Counties, but most of the wastewater is discharged into three regional systems operated by the City of Los Angeles, the Consolidated Los Angeles County Sanitation Districts, and the County Sanitation Districts of Orange County.

### Background

The Los Angeles system discharges sewage to the Pacific Ocean after it has been treated, either at the Hyperion treatment plant (located in El Segundo), or at the Terminal Island treatment plant. Sewage is also treated at the Los Angeles Glendale Water Reclamation Plant (LAGWRP) and at the Tillman Water Reclamation Plant, and sludge generated at those facilities is transported via pipes to Hyperion. The system accepts, treats, and discharges all or a portion of the wastewater generated by its contract agencies and dischargers. This contract service includes discharge originating both within and outside the City of Los Angeles. Specific capacity is reserved to the contract agencies under the terms of the individual contracts.

### External Regulations

Pursuant to federal and California legislation, P.L. 92-500 and amendments (the Clean Water Act first passed in 1972), the City's sewage system has received grants and low interest loans to assist in financing capital facilities. Conditions are attached to these grants and low interest loans. Conditions that protect dischargers located outside of the City are as follows:

- The City pledges to maintain and keep serviceable those facilities that were in part financed through grant money and low interest loans, throughout their useful lives,
- User charges for all dischargers must be proportional to their discharge of flows and strengths (Biochemical Oxygen Demand (BOD) and Suspended Solids (SS)).
- Even though Clean Water Grants are no longer available, California administers a State Revolving Fund (SRF) for low interest loans to construct wastewater infrastructure. When the City obtains a low interest loan, the California State Water Resource Control Board (SWRCB), provides oversight and certification review to ensure user charges comply with regulations of the State of California, known as Revenue Program Guidelines. The certification process includes a review of sewage user charges to determine that they in fact are proportional to discharge quantities and strengths, and that every discharger that discharges like quantities of sewage are charged the same.

The end result of this external regulation is that the City of Los Angeles charges its contract customers the same as its individual dischargers located inside the City, with the following exceptions:

- The City maintains an analytical staff that calculates and projects sewage fees and provides periodic updates to the contracting agencies,
- It charges an administrative fee outside the City, which is customary and usual practice,
- Contract agencies are charged for trunk and interceptor sewer capacity based on their contracted-for capacity in the pipe reaches, and
- There exist contracts with agencies entered into prior to the formulation of the California Revenue Program Guidelines. These agencies pay for service based on the proportional quantity of their discharge. As these existing contracts reach the end of their lives, they are renegotiated, pursuant to Federal and California requirements, so that the agencies pay for



the treatment and disposal of their discharge proportional to flows and strengths, using the same factors applied to the individual or retail dischargers located within the City limits.

### **Organizational Format**

There appear to be alternative organizational formats for the new Harbor City to convey its sewage to suitable locations for treatment and disposal:

1. Enter into an arrangement to contract for wastewater service with the City of Los Angeles. Unlike the other outside City contract agencies, the City of Los Angeles would own and operate all facilities - collection systems, trunks and interceptor sewers, treatment facilities, and ocean outfalls. The dischargers located in the new Harbor City would continue as retail customers of the City of Los Angeles and be billed for wastewater service directly by the City of Los Angeles.
2. Separate the physical facilities and form independent wastewater utilities.
  - A. The new city would operate and maintain its individual collection system (pipes that collect wastewater from the individual premises). Los Angeles would continue to own the major trunk and interceptor sewers, the treatment facilities, and ocean outfalls. The Harbor City would contract with the City for the conveyance of sewage through these trunk sewers and interceptors to the City's treatment facilities for processing and disposal, similar to the other agencies under contract and located outside of the City limits.

To implement this alternative, collection sewers would be transferred to the new city. The new city would need to finance capital improvements required to separate this collection system from the existing City of Los Angeles collection systems such that Los Angeles would be "made whole" for this separation. This separation would require an engineering analysis.

The new city would be billed for "wholesale" service by the City of Los Angeles, like other contract agencies located outside the City limits. An administrative fee would be charged. Rate structures would be devised and implemented by the new city that would pass on costs to the individual dischargers proportional to their respective discharges of volumes and strengths of sewage, consistent with the California Revenue Program Guidelines.

B. It is theoretically possible to form an entirely independent Harbor City sewage system, using the existing configuration of the City's sewage system. The City's Terminal Island Treatment Plant currently treats sewage primarily from the proposed Harbor area of special reorganization, and is not expected to handle sewage from other areas of the City in the future. Therefore, from an engineering perspective, the plant could likely be transferred to the proposed Harbor City without any modifications to the plant or collection system.

Transferring financial responsibility for the plant would, however, be a more complicated matter. The City has funded its wastewater system, as a whole, using several revenue sources including grants and wastewater system revenue bonds. User fees for City ratepayers have been set to recover systemwide costs without consideration of the method used to fund regional facilities. In the event of a special reorganization and transfer of the Terminal Island plant to the proposed Harbor City, a "rate basis" would need to be created for the Harbor City ratepayers. That is, the Harbor City sewer rates would need to recover on-going capital and operating costs of the Terminal Island plant, as well as any other costs imposed as a result of a special reorganization. These costs could differ from the capital and operating costs for the remaining Los Angeles wastewater system, which could, barring any action to mitigate the impact by LAFCO, either increase or decrease the rate basis for Harbor City ratepayers.



### Wastewater Rates After Special Reorganization

This estimate of wastewater rates applying to the proposed new city presumes the lower cost, or more definitive, Alternative 1 (Los Angeles would continue to operate an integrated wastewater system). User charge levels would be identical to those assessed to inside the City customers, and would be proportional to the discharge of volumes and strengths of sewage. For Alternative 2A, user charges would be higher than for inside the City dischargers because of the following factors:

- An administrative fee would be charged.
- The new city would finance the cost of an engineering study and subsequent capital improvements required to separate its collection system from the collection system of the City of Los Angeles. It is thought that collection system modifications would be less extensive and less costly than those required for the separation of the water system discussed within that section of the report. Users would finance the annual capital costs resulting from these capital improvements.
- User charge levels would be different because the service areas of the new city would be assessed their actual use of trunk and interceptor sewers. That is, Los Angeles would charge for trunk and interceptor use based on the proportional use of actual pipe reaches by the new city. Currently, as an integrated system, all retail dischargers within the City of Los Angeles are charged at a uniform rate for the use of trunk and interceptor sewer capacity.

User charges for Alternative 2B would require the development of a preliminary rate study that identifies the cost basis for the Harbor area separate from the rest of the City. This preliminary rate study has not been prepared as part of the initial fiscal analysis.

### Current User Charges: Their Terms and Conditions

The following concepts are used by the City of Los Angeles to distribute costs to their ratepayers.

Retail dischargers are individual dischargers connected directly to the City's collection system and are not provided wastewater service under contract. Basic sewer service charges (SSCs) for retail domestic strength customers are projected to be as follows:

#### SEWER SERVICE CHARGES RETAIL DOMESTIC STRENGTH

| <u>Fiscal</u><br><u>Year</u> | <u>Per HCF</u> |
|------------------------------|----------------|
| 2001                         | \$2.26         |
| 2002                         | \$2.26         |
| 2003                         | \$2.26         |
| 2004                         | \$2.34         |
| 2005                         | \$2.44         |

For higher strength retail dischargers, industrial surcharges apply, based on their discharge of Biochemical Oxygen Demand (BOD) and Suspended Solids (SS).



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### INDUSTRIAL WASTE SURCHARGE

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| <u>Fiscal</u> |                   |                  |
|---------------|-------------------|------------------|
| <u>Year</u>   | <u>Per lb BOD</u> | <u>Per lb SS</u> |
| 2001          | \$0.26            | \$0.34           |
| 2002          | \$0.26            | \$0.34           |
| 2003          | \$0.26            | \$0.34           |
| 2004          | \$0.27            | \$0.35           |
| 2005          | \$0.28            | \$0.37           |

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A Sewage Facilities Charge (SFC) is also assessed new applicants for service. This connection fee assists in financing new capacity required for growth and is sometimes called a "buy-in" fee. SFCs for inside the City customers are \$262.00 per 100 gallons per day of flow, \$188.00 per pound per day of BOD, and \$171.00 per pound per day of SS. Discharges are estimated for various types of customers based on physical characteristics of the development, including gross square footage, number of restaurant seats, and other development information as applicable.

#### Contract Agency Charges

The form of new agreements that contain "universal terms" had been negotiated with many of the 27 contract agencies by 1999. These terms are being offered to the other contract agencies. Under these terms, Amalgamated System Sewage System Charges (ASSSCs) and Amalgamated System Sewage Facility Charges (ASSFCs) are defined that are equivalent to the inside the City SSCs and SFCs, respectively. ASSSCs have been broken into the following parts:

A conveyance portion with the following projected wholesale rates expressed as \$ per million gallons per day (mgd) per mile:

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#### WHOLESALE WASTEWATER RATES - CONVEYANCE (per mgd)

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| <u>Fiscal Year</u> | <u>Rate</u> |
|--------------------|-------------|
| 2001               | \$17.71     |
| 2002               | \$27.87     |
| 2003               | \$23.46     |
| 2004               | \$18.17     |
| 2005               | \$16.40     |

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The treatment portion with the following projected wholesale rates, expressed as a flow rate, \$ per million gallons, BOD rate, \$ per thousand pounds, and SS rate, \$ per thousand pounds:

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#### WHOLESALE WASTEWATER RATES - TREATMENT

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| <u>Fiscal Year</u> | <u>Flow</u> | <u>BOD</u> | <u>SS</u> |
|--------------------|-------------|------------|-----------|
| 2001               | \$338.82    | \$163.37   | \$115.22  |
| 2002               | \$348.23    | \$161.19   | \$111.89  |
| 2003               | \$261.83    | \$165.36   | \$117.43  |
| 2004               | \$267.75    | \$157.37   | \$140.16  |
| 2005               | \$252.53    | \$154.90   | \$118.95  |

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Connection Fees or ASSFCs are not projected, and because they are based on the value or cost of existing equipment, they should not vary substantially from year-to-year. ASSFCs are calculated as follows:

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**AMALGAMATED SYSTEM SEWAGE FACILITY  
CHARGES**

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| <u>Category</u> | <u>Rate</u> | <u>Basis</u>           |
|-----------------|-------------|------------------------|
| Conveyance      | \$86,400    | \$ per mgd/mile        |
| Treatment Flow  | \$1,400,000 | \$ per mgd             |
| BOD             | \$465       | \$ per thousand pounds |
| SS              | \$345       | \$ per thousand pounds |

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A transfer to the General Fund (General Fund Reimbursement Charge or GFRC) is also assessed. The City has reported that this charge will be phased out over the next two years. Wastewater user charges to the new city would be calculated based on the published tariff rates set forth above, depending on whether the organizational alternative 1, 2A, of 2B is selected.



## Stormwater Service

The City of Los Angeles Bureau of Sanitation operates a portion of the storm water drainage and flood control facilities that help to prevent flooding in and around the City of Los Angeles. "Storm drainage" and "flood control" are terms that, for this report, will be used interchangeably. Extensive construction of storm drainage facilities has occurred over the past century, and this system of open channels (including the Los Angeles River), flood control basins, storm drains, catch basins, culverts, low flow diversion structures, pumping plants, debris basins, detention basins, and spreading grounds have been constructed utilizing the resources of many federal, state and local government agencies. More specifically, the following agencies own and operate flood control facilities in the region: U. S. Army Corps of Engineers, Los Angeles County Flood Control District, City of Los Angeles, and the State of California Department of Transportation (Caltrans).

Because the various agencies are empowered to establish their own policies, regulations, and design criteria, flood control facilities in Los Angeles County can be designed differently depending on the responsible agency. As a result of this activity over the past century, there exist a large infrastructure of flood control facilities in Los Angeles County and within the City limits that are owned and operated by different agencies, each with differing roles and missions.

Storm water management strategies that have been implemented to control urban runoff pollution include frequent street sweeping, and labeling storm water facilities at the curbs to provide reminders that what is dumped goes to the ocean,

There also exist different issues that have in the past and will in the future impact the operating strategies, costs, and how new and upgraded flood control facilities will be designed. Current issues include how to deal with biological, solid waste, and dissolved contaminants pollution that are washed into the flood control facilities including the Los Angeles River, and the desires of many to return open channels to their natural and "green" states.

The goals and purposes of storm water management that have caused these facilities to be constructed include:

- Collect and transport storm drainage and storm runoff,
- Prevent local flooding caused by rainfall,
- Construct detention facilities on the parcel site to constrain the rate of runoff to that rate that existed before development, and
- Manage programs (i.e., street sweeping) and construct facilities to prevent, control and/or treat urban runoff pollution.

## Background

Over the past 40 years, the U.S. Army Corps of Engineers has constructed the Hansen and Sepulveda Flood Control Dams on 15 major channels within the City of Los Angeles, including the Los Angeles River, Pacoima Wash, Tujunga Wash, Sawtelle-Westwood Flood Control System, and the Ballona Creek. These structures were built to contain the 100-year flood. The U.S. Army Corps of Engineers also built six debris basins along the foothills of the San Fernando Valley. Additionally, the Los Angeles County Flood Control District constructed 11 debris basins, 16 major channels in the San Fernando Valley, 5 major channels, including portions of Ballona Creek that collect storm flows from West Los Angeles and discharge into the Pacific Ocean, and the Laguna Dominquez Flood Control System that drains the southern portion of the west area of the City and a portion of the Harbor area, discharging into San Pedro Bay.

The City of Los Angeles operates and maintains approximately 1,100 miles of open channels and underground drains. The Los Angeles County Flood Control District has constructed and is



responsible for the operation and maintenance of approximately 1,000 miles of storm drain projects within the City, financed by bond issues. As an example, Bond Issue Storm Drain Project No. 5204 on Jefferson Boulevard, operational in February 1983, reduced the extent of surface water inundation by increasing the capacity of subsurface storm drains. As a result the local flood plain designated areas were revised.

All local storm drains provide relief to flood prone areas. The City and the Los Angeles County Flood Control District operate and maintain 13 pumping plants in the Harbor, San Fernando Valley, and West Los Angeles areas to alleviate inundation and flooding of low-lying areas during storms.

The City of Los Angeles does not have operations and maintenance responsibility for the primary flood control systems within and around the City of Los Angeles. The primary systems are operated and maintained by the U. S. Army Corps of Engineers and the Los Angeles County Department of Public Works on behalf of the Los Angeles County Flood Control District.

#### U. S. Army Corps of Engineers

The United States Army Corps of Engineers (Corps) operates the large open flood control channels within the City of Los Angeles. The Flood Control Act of 1936 is the primary regulatory requirement of the Corps. Under this Act, the role of the Corps was redirected from emergency relief to permanent supervision of the future flood control plans, including construction and supervision of flood control features located in the Los Angeles and San Gabriel rivers. The flood control features are primarily concrete conduits, built along the natural stream courses. They are designed to safely carry the runoff from a 100-year storm into either Santa Monica Bay or San Pedro Bay.

#### Los Angeles County Department of Public Works

The Los Angeles County Department of Public Works (LACDPW) carries out the responsibilities of the Los Angeles County Flood Control District (LACFCD). Formed under a 1915 Act of the State Legislature, the LACFCD's purpose is to provide and integrate flood control facilities countywide. LACFCD owns, operates, and maintains a flood control system within the City that consists of typically larger diameter storm drains. The majority of LACFCD storm drains form a network of pipes, channels, and tributaries that connect to the major flood control channels owned and operated by the Corps. There are also portions of the larger river systems (Arroyo Seco, Los Angeles, and San Gabriel) that are owned and operated by LACFCD.

Estimates of the historical projected stormwater flow by drainage area are found at LACDPW's website, <http://dpw.co.la.ca.us/wrd/report/index.cfm>, and in the following documents:

1. Los Angeles County Department of Public Works and Federal Emergency Management Agency, Flood Insurance Study, 1980, with periodic updates through July 1999.
2. Los Angeles County Department of Public Works, Hydrologic Report, available for all years through 1998-99.

#### **Financial Information**

Sources of funds for the system include revenues from the parcel charge, known as the Stormwater Pollution Abatement Charge (SPAC), interest on invested cash balances, and prior year balances.

Applications of funds include:

- Charges to the program by other City departments that perform chargeable tasks,
- Direct charges for operation and maintenance, replacement, and planning provided by engineering, sanitation, and street maintenance functions,
- Capital expenditures, and



- Other administrative functions, including issuing National Pollution Discharge Elimination System (NPDES) permits.

### **Current Rates (Stormwater Pollution Abatement Charge or “SPAC”)**

The City of Los Angeles first approved a Stormwater Pollution Abatement Charge in 1990. It was modeled after the equivalent charge used by the LACFCD to finance the Benefit Assessment District voters created to finance flood control activities. This charge is a fee like utility user charges, but is collected via the property tax bill. Because of the collection mechanism, those parcels that do not receive property tax bills (certain tax exempt and governmental organizations) do not receive and do not pay the SPAC.

Monies collected from this fee are used to fund the Stormwater runoff abatement efforts. The charge is designed such that the charge for each parcel is proportional to the relative amount of runoff from the parcel. It is calculated based on the size of the parcel, and land use (land use determines the runoff coefficient).

A Base Assessment Unit (BAU) Charge, also known as an Equivalent Residential Unit (EDU) charge is computed that relates to a typical single family dwelling unit. Charges for other than single family residences are determined by applying factors to the BAU charge. The factors defined in the City Ordinance (1990 Ordinance is CF 90-0067-S1) are: “Run-Off Factor”, a number that represents the typical run-off from a parcel for a particular land use, and parcel area. A typical single family dwelling unit has a Run Off Factor of 0.4176 and a parcel area of 0.1526 acres (6,650 square feet). The product of the two factors, that defines the BAU, is 0.0637. The basic Allocation Unit Charge for single family residences is established at \$28.26 annually.

The factor for each parcel is determined using the following formula:

$$\text{Parcel Factor} = \frac{(\text{parcel area in acres}) \times (\text{parcel run - off factor})}{\text{Basic Assessment Unit}}$$

### **Formation of Storm Drainage System - Function For The New City**

The storm drainage facilities owned and operated by the City of Los Angeles include storm drains of special benefit to specific parcels, with the larger storm drain and flood runoff facilities owned and operated by other agencies. Therefore, storm drainage and flood control in the Los Angeles region is a responsibility of general purpose governments and could become a responsibility of the new city. Unlike the City’s water, sewer, or power systems, there are no inherent barriers to a transfer of City stormwater system assets in the Harbor area. The stormwater system is localized and not a large regional system that has been funded by debt or grant funding, and does not involving complex contractual arrangements such as a power supply contracts.

To implement a transfer of service responsibility to the proposed Harbor City, local storm drains would be transferred to the new city. There is a possibility that these facilities could benefit both the new city and existing areas that remain in the City of Los Angeles. The new city would need to finance capital improvements to separate local storm drain facilities as required should a sharing of benefits and costs not be practical. Any such separation would require an engineering analysis to determine specific projects and their costs.

It is assumed for the purposes of this analysis that the Harbor City would take responsibility for the maintenance of the local stormwater system within its boundaries, and would assume existing efforts to reduce stormwater solids, such as catch basin repair and point-source interventions efforts, and would assess a stormwater pollution abatement charge to its residents.



### **Stormwater Management Program Elements**

The City of Los Angeles commission that recommended establishing a Stormwater charge in 1990 listed the elements of stormwater drainage and flood control functions. This list, reproduced below, shows that the Stormwater Management Program will have to provide for a number of program requirements.

1. Establish a NPDES or Stormwater Permit System. The City will be required to provide general information regarding permits to co-applicants, describe existing legal authority to control pollutants in stormwater, provide source identification information including locations of storm drain outfalls, and describe existing structural and non-structural controls to reduce the discharge of pollutants. The City may be required to demonstrate satisfactory legal authorities, supply additional source identification information, provide characterization of discharges including quantitative data, representative data, and estimates of pollutant loadings and concentrations, propose management programs to control the discharge of pollutants, assess the performance of control measures, provide cost estimates of implementing proposed management programs including identification of revenue sources, and describe the roles and responsibilities of co-applicants.
2. Provide NPDES Permit On-going Administration and Control Costs. Once obtained, the NPDES permit will require continued monitoring of the storm drain system and submittal of reports to the Los Angeles Regional Water Quality Control Board (LARWQCB), enforcement of stormwater ordinances, regulation of discharges from commercial and industrial properties, and development and operation of best management practices.
3. Other elements of this function could include the following:
  - Public Information/Education Program,
  - Used Motor Oil Recycling Program,
  - Increased Household Hazardous Waste Collection,
  - Green-strip Filters (that catch runoff before it reaches City streets & storm drains),
  - Evaluation of New Technologies,
  - Localized Sedimentation/Treatment,
  - Increased Catch Basin Cleaning, and
  - Increased Street Sweeping.



## Transfer of Revenue

As part of this initial fiscal analysis, it has been assumed that the Harbor City would assess its residents all taxes, charges, and fees that are currently assessed by the City of Los Angeles. This assumption is based on the applicant's proposal (in its vision statement) to transfer all existing laws to the Harbor City. This transfer is assumed to include all ordinances to assess taxes, charges, and fees of the City of Los Angeles. Furthermore, upon a special reorganization in the Harbor area, it has been assumed that the revenue assessed by the Harbor City would be deposited to funds under its own control.

### Revenues Transferred from the City

To estimate the amount of revenue that would accrue to the Harbor City (transfer from the City), all revenue items currently received by the City that would transfer to the Harbor City have been analyzed. This analysis is based on a report of the geographic source of revenue undertaken by the City of Los Angeles in February 2001.<sup>59</sup> The City's report estimated that, of the revenue items analyzed, 3.0% of General Fund revenue and 3.0% of all budgeted revenue were generated in the Harbor area.

For the purposes of this report, the City's analysis has been reviewed, and additional research has been performed to assess the geographic source of certain revenues that were not analyzed by the City. Adjustments have also been made to the City's analysis where more recent, or more refined data are available. Incorporating these updates and adjustments to the City's analysis, it is estimated that 3.48%, or \$102.0 million of the City's budgeted General Fund revenue in fiscal year 2000-01, and 3.05%, or \$123.5 million of all budgeted revenue would accrue to the Harbor City.

An important distinction must be made between the amount of revenue generated by Harbor area residents and businesses and the amount of revenue that would actually transfer to the Harbor City as a result of a special reorganization. Not all City revenues generated in the Harbor area would necessarily accrue to the Harbor City. Revenue related to the City's utilities, such as the transfer of operating income from the City's Department of Water and Power (DWP), reimbursements from the DWP for service provided by the City, and sewer franchise fees, would not accrue to the Harbor City without an equity share in the City's DWP or wastewater system. As discussed in sections "- Legal Issues Affecting Apportionment - Impairment of Contracts" and "- Water and Power - Issues Affecting Apportionment," complex engineering, financial, and legal issues would need to be resolved prior to the transfer of equity in the City's utilities. These issues would not likely be resolved within the current timetable set for the review of the application for special reorganization. Therefore, for the purposes of this analysis, it has been assumed that neither equity nor revenue generated from the City's utilities would accrue to the Harbor City.

| ESTIMATED CURRENT REVENUE<br>ACCRUED TO HARBOR CITY |                                      |                                       |
|-----------------------------------------------------|--------------------------------------|---------------------------------------|
|                                                     | %<br>Accrued<br>By<br>Harbor<br>City | \$<br>Accrued<br>By<br>Harbor<br>City |
| General Fund revenue                                | 3.48%                                | \$ 101,952,519                        |
| Special purpose fund revenue                        | 1.93%                                | 21,505,318                            |
| Total revenue                                       | 3.05%                                | \$ 123,457,837                        |

Additional detail regarding the estimated amount of current revenue that would accrue to the Harbor City is provided in Appendix II.

<sup>59</sup> City of Los Angeles, *City of Los Angeles Geographic Revenue Analysis for Fiscal Year 1998-1999*, February 2001.



### **Methodology Used to Estimate Revenue**

In its revenue study, the City used a variety of methods to estimate the geographic source of its revenues. Because many City revenue sources, including property taxes, business taxes, and transient occupancy taxes, are assessed to City businesses and residents based on their address, the City was able to estimate the geographic source of revenue by grouping the address of the payers to either the Harbor area or City. Other revenues, such as state motor vehicle license fees are paid to the City based on population, and the City could estimate the Harbor area share of these population-based revenues according to the estimated population in the Harbor area.

However, in some instances, even where the address of the payer is known, an estimate of the geographic source of revenue is not easily obtained. For example, the amount of state sales taxes that are returned to cities is based on the location of the taxable transaction. Although the state keeps records of the location of transactions in the City, no records are readily available for businesses that have retail locations in both the Harbor area and other parts of the City. Other revenue, such as utility user taxes, are assessed by private firms and submitted in total to the City. The payer addresses are held by the private firms and not readily available to the City.

As part of this report, the methodology used by the City in preparing its revenue analysis has been reviewed and assessed for accuracy. In general, the City's analysis is accurate and provides a reasonable estimate of the geographic source of revenue. However, the City did not attempt to determine approximately 27% of revenue items paid into its General Fund, and 32% of its "special purpose funds." For the revenue items excluded from the City's analysis, the estimated geographic source is provided in this section. In addition, for certain revenues that were analyzed by the City, it has been determined that more updated or detailed information is available, which may provide a more accurate estimate of the geographic source of revenue.

### General Fund Revenue

The City's General Fund accounts for revenue where the use of funds is not restricted to a specific purpose, and provides funding for most of the municipal services of the City.<sup>60</sup> Upon incorporation, the Harbor City is assumed to have its own general fund to pay the costs of municipal services transferred from the City, which cannot be funded by the various special revenue funds. The table below shows the major revenue items currently paid into the City's General Fund, and the estimated percentage that would accrue to the Harbor City.

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<sup>60</sup> The City has, through ordinance, required that certain General Fund revenue, such as a portion of the transient occupancy tax, be allocated to specific uses.



**ESTIMATED PERCENT OF GENERAL FUND REVENUE  
TRANSFERRED TO HARBOR CITY**

| <u>Revenue Item</u>                   | <u>City<br/>Estimate</u> | <u>Initial<br/>Fiscal<br/>Analysis<br/>Allocation</u> |
|---------------------------------------|--------------------------|-------------------------------------------------------|
| Estimated in February 2001 Report     |                          |                                                       |
| Property Tax                          | 3.00%                    | 3.67%                                                 |
| Utility Users Tax                     | 4.17%                    | 4.03%                                                 |
| Business Tax                          | 2.31%                    | 2.31%                                                 |
| Sales Tax                             | 4.00%                    | 2.57%                                                 |
| State Motor Vehicle License Fees      | 4.00%                    | 4.14%                                                 |
| Transient Occupancy Tax               | 1.22%                    | 1.22%                                                 |
| Municipal Court Fines                 | 1.00%                    | 1.00%                                                 |
| Parking Users Tax                     | 1.00%                    | 0.75%                                                 |
| Interest                              | 3.00%                    | 2.89%                                                 |
| Franchise Income                      | 3.27%                    | 1.90%                                                 |
| Civic Center Parking Income           | 0.00%                    | 0.00%                                                 |
| Transfer from Telecomm. Dev. Account  | 3.08%                    | 3.08%                                                 |
| Transit Shelter Income                | 3.00%                    | 3.00%                                                 |
| Residential Development Fee           | 8.44%                    | 8.44%                                                 |
| Los Angeles Mall Rental Income        | 0.00%                    | 0.00%                                                 |
| Not Estimated in February 2001 Report |                          |                                                       |
| Licenses, Permits, Fees & Fines       | n.a.                     | 6.84%                                                 |
| Power Revenue Transfer                | n.a.                     | 0.00%                                                 |
| Documentary Transfer Tax              | n.a.                     | 4.12%                                                 |
| Utility Users Tax – Unallocated       | n.a.                     | 4.58%                                                 |
| Transfer from Reserve Fund            | n.a.                     | 0.00%                                                 |
| Water Revenue Transfer                | n.a.                     | 0.00%                                                 |
| Franchise Income – Unallocated        | n.a.                     | 3.07%                                                 |
| Grant Receipts                        | n.a.                     | 3.97%                                                 |
| Tobacco Settlement                    | n.a.                     | 0.00%                                                 |
| Transfer of Reserve Fund Loan         | n.a.                     | 0.00%                                                 |
| Municipal Court Fines - Unallocated   | n.a.                     | 1.00%                                                 |
| Capital Finance Admin. Transfer       | n.a.                     | 3.48%                                                 |
| <br>% Total General Fund Revenue      |                          | <br>3.48%                                             |

A discussion of the methodology used to estimate the percentage of revenue that would accrue to the Harbor City, which differs from the percent of revenue generated in the Harbor area estimated by the City in its February 2001 report, is provided below. Further detail on the computation of the percentages is provided in Appendix II of this report.

*Property Tax*

At the request of LAFCO, the Los Angeles County Assessor has estimated the geographic source of property tax within the City, identifying the location of assessments made in fiscal year 1999-00. The Assessor's estimate is to be used to determine the amount transferred to a newly incorporated Harbor City, in accordance with Cortese-Knox. Based on the Assessor's analysis, the Harbor area was assessed 3.67% of the total 1% general tax levy transferred to the City of Los Angeles, net of the allocation of tax increment revenue to the Los Angeles Community Redevelopment Agency (CRA).<sup>61</sup>

<sup>61</sup> Community Redevelopment Agency project areas receive the 1% general tax levy that would otherwise be transferred to the City of Los Angeles, above an identified base year level of assessments.



The 1% general tax levy for fiscal year 1999-00 in the City of Los Angeles and for parcels within the proposed boundaries of the Harbor area of special reorganization are provided in the table below.

**1% GENERAL TAX LEVY  
CITY OF LOS ANGELES AND HARBOR AREA  
FISCAL YEAR 1999-00**

|                      | <u>Harbor</u> | <u>City of<br/>Los Angeles</u> |
|----------------------|---------------|--------------------------------|
| Gross Tax Levy       | \$ 19,574,171 | \$ 548,762,688                 |
| Allocation to CRA    | (540,023)     | (29,433,957)                   |
| Net Tax Levy         | \$ 19,034,148 | \$ 519,328,731                 |
| Percent Net Tax Levy | 3.67%         |                                |

Source: County of Los Angeles Auditor-Controller.

**Sales Tax**

The County of Los Angeles Urban Research Division (URD) was asked, as part of this fiscal analysis, to prepare an independent estimate of the amount of fiscal year 1998-99 sales tax revenue generated in the Harbor area.

The URD obtained a master registration file from the BOE that listed all sales tax accounts and branch locations in the City. The BOE file contains sales tax revenue for 1998-99 for each account, but not by branch for multiple branch accounts. The URD geo-coded the BOE file for single branch accounts and estimated revenue for multiple branch accounts based on the number of days the branches were open. The URD's preliminary analysis resulted in an estimate of \$6.9 million, or 2.6% of the City's sales tax revenue generated from the Harbor area of special reorganization.

It must be noted that the URD geo-coding effort did not result in a 100% match of accounts to geographic area, as \$9.1 million of the \$277.8 million in fiscal year 1998-99 sales tax revenue attributable to BOE accounts was either outside the City or not determinable.

**SALES TAX REVENUE  
CITY OF LOS ANGELES AND HARBOR AREA  
FISCAL YEAR 1998-99**

|                              | \$                                                    | %                                                     |
|------------------------------|-------------------------------------------------------|-------------------------------------------------------|
| <u>Area</u>                  | <u>Geographic<br/>Source of Sales<br/>Tax Revenue</u> | <u>Geographic<br/>Source of Sales<br/>Tax Revenue</u> |
| Harbor Area                  | \$ 6,914,245                                          | 2.6%                                                  |
| Other areas                  | 145,496,886                                           | 54.1%                                                 |
| Residual City of Los Angeles | 116,255,332                                           | 43.3%                                                 |
| Total allocable              | \$ 268,666,463                                        |                                                       |
| Total sales tax revenue      | \$ 277,767,218                                        |                                                       |

Source: County of Los Angeles Urban Research Division.

The URD 2.6% estimate for fiscal year 1998-99 is used to estimate the amount of sales tax revenue attributable to the Harbor area for fiscal year 2000-01.



### *Interest*

The amount of interest income that would accrue to the Harbor City would be related to the relative activity of its own general fund. For the purposes of this analysis, it is assumed that the Harbor City would accrue general fund interest earnings in proportion to the amount of total revenue that would transfer from the City.

### *Franchise Income*

The City assesses a franchise fee on the sale of natural gas, cable television service, wastewater service, the operation of official police garages, taxicab income, and others. The City has provided estimates of the geographical source of revenue for cable, wastewater, and police garages, but not for the other franchise fees.

For the purposes of this report, the amount of gas franchise revenue that would accrue to the Harbor City is estimated using the same proportion of cable television franchise fee revenue attributable to the Harbor area. City wastewater system franchise income is not assumed to accrue to the Harbor City, as it has been assumed in this report that the City would retain ownership of the system. Taxicab franchise fees include a fixed franchise fee per cab and a fee charged when a cab franchise changes hands. The estimated proportion of taxicab franchise fee revenue attributable to the Harbor is based on the number of vehicles authorized under the City's most recent taxicab franchise allocation. As part of the City's approved franchises for the year 2000, 70 of the total 2303 "vehicle authorities" were awarded to the Harbor service area.<sup>62</sup>

### *Licenses, Permits, Fees & Fines*

The City collects various licenses, permits, fines, and fees (LPFF) for services, such as building permits, animal licenses, and fire inspection fees. Also included in LPFF are reimbursements from the proprietary departments and for services related to special purpose funds. The fiscal year 2000-01 revenue budgeted for each budgetary department is provided in table R-4 in Appendix II of this report.

For the category of LPFF relating to reimbursements to the City's proprietary departments (excluding the Harbor) and wastewater system, it has been assumed in this report that no amount would accrue to the Harbor City, as the Harbor City would not provide services under the scenario described in this report.

It has been assumed, however, that a new Harbor City would provide fire protection and emergency response service to the Port, and maintain and operate certain Port recreational facilities on behalf of the Harbor Department. The direct and indirect cost of providing these services would be subject to reimbursement by the Harbor Department from Port of Los Angeles revenues. For the purposes of this report, the estimated amount the Harbor City could expect as reimbursement for services provided to the Harbor Department is based on the current amount budgeted by the City for reimbursement, restricted only to those costs that would be allowed by the State Lands Commission.

The City of Los Angeles is currently reimbursed from Port revenues for services provided by its Administration and Research Services, City Attorney, Controller, Information Technology, Fire, Finance, Los Angeles Convention Center, Bureau of Contract Administration, and Bureau of Street Services departments. Many of the services provided by these departments, including financial and policy analysis, legal advice, and custodial trust services, support Harbor Department operations at the Port, and the City is assumed to retain these services in order to support its management of the Port Trust. The proposed Harbor City is assumed to provide fire and emergency response to the Port because many of the fire stations in the vicinity of the Port serve both the Harbor Department and the surrounding community, and it may not be reasonable to bifurcate operations at the fire stations between the Harbor City and City of Los Angeles. Similarly, the Harbor City is assumed to maintain and operate Port recreational facilities, including the Cabrillo Aquarium and the Maritime Museum,

<sup>62</sup> City of Los Angeles, "Recommendation to Award Franchises for the Operation of Taxicab Transportation Services in All Service Zones of the City of Los Angeles," October 19, 2000.



given that the Recreation and Parks staff must be located at the facilities and would be supported by the balance of the department transferred to the new Harbor City.

The City has budgeted \$18.3 million in fiscal year 2000-01 for the reimbursement of fire (\$13.2 million) and "Non-Departmental-General" service (\$5.1 million) provided to the Harbor. At the time the budgeted amounts were computed, the City was involved in litigation with the State Lands Commission over the amount the City was reimbursed from the Harbor Department. In January 2001, the state and City settled the lawsuit, and the City agreed to, among other things, limit the amount it charged to the Harbor Department for Fire Department and Recreation and Parks services. The agreement limits the amount charged by the Harbor-area fire stations (excluding the fire boats) to 75% of the costs of serving the Port. In addition, the City can no longer charge the Harbor Department for costs associated with the Banning Museum, Drum Barracks, citywide Recreation and Parks costs, Pacific Region construction, Pacific Region Rangers, or the Los Angeles Convention Center.

At the time of this report, detailed information as to the composition of the budgeted Harbor Department reimbursement was not available from the City. Therefore it is not known whether the \$18.3 million budgeted amount reflects the terms of the settlement agreement. For the purposes of this initial fiscal analysis, it is assumed the \$13.2 million Fire Department charge does reflect 75% of the costs of providing service to the Port, and the \$5.1 million represents the reimbursement for Recreation and Parks services. However, the \$5.1 million is assumed to include costs that can no longer be charged to the Harbor Department, and has been reduced by 30% in estimating the amount that would accrue to the proposed Harbor City.<sup>63</sup>

Reimbursements related to gas tax projects are assumed to accrue to the Harbor City in proportion to population. LPFF for most other City budgetary departments are also assumed to accrue to the Harbor City either according to population or the number of employees transferred. Population or the number of transferred employees is assumed for certain revenues, depending on which measurement appears to represent the level of service to be provided for the specific reimbursement or service.

A more detailed allocation of LPFF revenue associated with the Building and Safety department has been provided, given the magnitude of fees collected. The Building and Safety department collects revenue for plan checks, permits, and inspection fees, among others. The allocation of the department's receipts for Construction Permits, Other Licenses and Permits, Plan Checking Fees, Engineering Fees, Inspection and Other Services, and Plan Checks to the Harbor area was estimated using the relevant workload measurements shown in the table below.

| <b>BUILDING AND SAFETY DEPARTMENT<br/>WORKLOAD MEASUREMENTS</b> |                 |               |                           |
|-----------------------------------------------------------------|-----------------|---------------|---------------------------|
| <u>Workload</u>                                                 | <u>Citywide</u> | <u>Harbor</u> | <u>%</u><br><u>Harbor</u> |
| Permits Issued                                                  | 326,266         | 16,386        | 5.02%                     |
| Plan Checks                                                     | 75,182          | 3,040         | 4.04%                     |
| Inspections                                                     | 1,117,711       | 46,775        | 4.18%                     |

Detailed computations of Building and Safety LPFF are provided in Table R-6 in Appendix II.

<sup>63</sup> In June 1997, the City entered into a Memorandum of Understanding with the Harbor Department relating to the provision of municipal services. In the Memorandum of Understanding, it was estimated that 30% of the costs of the services to be provided by the Recreation and Parks department was related to activities that are no longer allowed under the terms of the settlement agreement with the State Lands Commission.



A detailed allocation of LPFF has also been provided for the Fire Department. The allocation primarily assumes that most of the components of the Fire Department LPFF accrue to the Harbor area according to population, with the exception of the reimbursement for service from the City of San Fernando, which is not assumed to accrue to the Harbor City.

Detailed computations of Fire Department LPFF are provided in Table R-7 in Appendix II.

#### *Power Revenue Transfer*

Under the provisions of the Charter, the Department of Water and Power has historically transferred a portion of power system earnings to the reserve fund of the City (which is then transferred to the City's General Fund), at the discretion of the department's board. The department has covenanted in its revenue bond resolutions to restrict the transfer to its net income in the prior fiscal year. Actual transfers have been generally equal to 5% of the department's gross operating revenues.

Although the department's ratepayers in the Harbor contribute to the power revenue transfer, it does not appear that the proposed Harbor City could accrue any portion of the transfer, given that the Harbor City would not obtain an equity interest in the City's power system upon a special reorganization (see section "Transfer of Service, Costs, Revenues, and Assets – Water and Power - Assumed Service Method – Power"). Therefore, for the purposes of this initial fiscal analysis, it is assumed the Harbor City would not receive an allocation of the power revenue transfer.

#### *Documentary Transfer Tax*

The Documentary Transfer Tax is assessed on all taxable conveyances in excess of \$100 at a rate of \$.55 per \$500 or fractional portion of real property value, excluding any liens or encumbrances already of record. The amount of tax revenue is related to the number the real estate tax transactions in the City. For the purposes of this analysis, the relative population in the City of Los Angeles and the Harbor area is used as an estimate of the amount of revenue that would accrue to the Harbor City in the event of a special reorganization.

#### *Grant Receipts*

Grant funds are paid into the General Fund to be used at the discretion of the City. These grants differ from those where the use of funds is restricted to specific purposes, and the amount of revenue may be related to the level of overall activity of the City. Therefore, for the purposes of the initial fiscal analysis, it is assumed that the Harbor City would receive grant receipts proportional to the total number of employees that would transfer.

#### *Water Revenue Transfer*

Similar to the power revenue transfer, the Department of Water and Power has historically transferred a portion of water system earnings to the reserve fund of the City (which is then transferred to the City's General Fund), at the discretion of the department's board. The department has covenanted in its revenue bond resolutions to restrict the transfer to its net income in the prior fiscal year. Actual transfers have been generally equal to 5% of the department's gross operating revenues.

Although the department's ratepayers in the Harbor area contribute to the water revenue transfer, it does not appear that the proposed Harbor City could accrue any portion of the transfer, given that the Harbor City would not obtain an equity interest in the City's water system upon a special reorganization (see section "Transfer of Service, Costs, Revenues, and Assets – Water and Power - Assumed Service Method – Water"). Therefore, for the purposes of this initial fiscal analysis, it is assumed the Harbor City would not receive an allocation of the water revenue transfer.

#### *Transfer from Reserve Fund*

The City maintains a reserve fund comprised of a contingency reserve and an Emergency Reserve. Funds in the Emergency Reserve are to be used only upon the finding of an "urgent economic necessity" by the Mayor and Council. As further discussed in section "Transfer of Assets – Investment Pool," the amount in the City's reserve fund is relatively small in comparison to other



California cities. It is therefore assumed that this revenue item would not accrue to the Harbor City upon a special reorganization.

#### *Tobacco Settlement*

As part of a multi-state tobacco settlement agreement, annual payments from tobacco companies are expected to the state and to a consortium of 58 counties and four cities, including the City of Los Angeles. The settlement stipulates that states and local entities will continue to receive annual payments through 2025. The allocation of settlement funds to the City is set forth in a Memorandum of Understanding involving the state, for which the Harbor City is not a party. It is therefore assumed for the purposes of the initial fiscal analysis that the Harbor City would not receive any tobacco settlement funds.

#### Special Purpose Fund Revenue

In addition to General Fund revenue, the City receives revenue for which the use is restricted to specific purposes. The largest special purpose fund revenue is the sewer construction and maintenance fund revenue, comprised primarily of wastewater system user fees and charges, which are restricted for use on wastewater-related costs. Other large special purpose fund revenues include the gas tax, which is assessed on the sale of gasoline and restricted to use on the City's streets, and the Proposition A and Proposition C "local return" taxes, which are the .5% sales taxes restricted to use for transportation purposes.

Upon incorporation, the proposed Harbor City would be eligible for, and likely receive, many of the special purpose funds currently collected by the City. The City of Los Angeles in its February 2001 study estimated the geographic source of many special purpose fund revenues, and many of the City's estimates (upon review of the City's support data) have been used in this report. However, as with General Fund revenue, several revenue items generated by residents and businesses of the Harbor area may not necessarily accrue to the Harbor City. An example is the revenue paid into the Sewer Construction and Maintenance Fund. As discussed in section "– Other Departments – Wastewater Service," it appears that it would be necessary, at least initially, for the Harbor City to contract for service to the wastewater system. Although under a contractual arrangement the Harbor City would pay for its share of the capital costs and operating and maintenance expenses, the revenue would not accrue to the Harbor City.

Further discussion of those revenues that may not accrue to the Harbor City, as well as alternate estimates made in lieu of the City's estimates, are discussed below.

#### *Sewer Construction and Maintenance Fund*

The Sewer Construction and Maintenance Fund accounts for funds received for sewer-related purposes, including basic sewer service charges, Sewage Facilities Charges, and revenue from contract agencies. As discussed in section "– Other Departments – Wastewater Service," it has been assumed that the Harbor City would contract for sewer service from the City, and would not receive any system revenue.

#### *Convention Center Revenue Fund*

The Convention Center Revenue Fund accounts for monies derived from the operation of the Convention and Exhibition Center. The Harbor City is not assumed to receive an equity interest or retain control of the operations of the Los Angeles Convention Center, which would be outside its proposed boundaries. Therefore, it has been assumed that no Convention Center Revenue Fund revenue would accrue to the proposed Harbor City.

#### *Los Angeles Convention and Visitor's Bureau Trust Fund*

The trust fund receives as receipts an amount equal to what would be generated by a transient occupancy tax of one percent, as well as an equal amount from the City's General Fund. Expenditures from the fund are restricted to the promotion and advertising of the Los Angeles Convention Center.



The Harbor City is not assumed to receive an equity interest or retain control of the operations of assets such as the Los Angeles Convention Center, which would be outside its proposed boundaries. Therefore, no trust fund would be required by the Harbor City to support a convention center. The Harbor City would not lose revenue without a trust fund, and would expend the one percent transient occupancy tax levy and matching general fund revenue on other purposes.

#### *Zoo Enterprise Trust Fund*

The Zoo Enterprise Trust Fund receives all Los Angeles Zoo revenues, as well as any required transfer from the City's General Fund. The Harbor City is not assumed to receive an equity interest or retain control of the operations of assets such as the Los Angeles Zoo, which would be outside its proposed boundaries. Therefore, no trust fund would be required by the Harbor City to support a zoo. The Harbor City would not be allocated any operating revenue from the zoo; however, it would retain any required general fund revenue for other purposes.

#### *Arts and Cultural Facilities and Services Trust Fund*

The Arts and Cultural Facilities and Services Trust Fund accounts for revenues from a 1% fee assessed on the cost of all construction, improvement, or remodeling work for each public works capital improvement project undertaken by the City. In addition, the fund is also supported by a transfer from the City's General Fund equal to the amount that would have been generated from the transient occupancy tax (TOT), imposed at the rate of 1%. Given the fund is supported primarily by TOT revenue, it is assumed for the purposes of this analysis that the amount that would accrue to the Harbor City is equal to the proportion of TOT generated in the Harbor area.

#### *Older Americans Act Fund*

For planning purposes, the City allocates Older Americans Act funds to different geographic areas within the City based on a City Funding Formula. The funding formula percentage allocated to the Harbor area (4.21%) is used to estimate the amount of budgeted Older Americans Act funds that would accrue to the Harbor City.

#### *City Ethics Commission Fund*

The City makes an appropriation annually from its General Fund to fund the operations of the City Ethics Commission. The revenue accounted in the City Ethics Commission Fund is thus a transfer from one City fund to another. However, to assist in reconciling to the City's budget, it is assumed the Harbor City would receive this revenue in an amount proportional to all General Fund revenues transferred to the Harbor City.

#### *Street Lighting Maintenance Assessment Fund*

The Street Lighting Maintenance Assessment Fund accounts for revenue collected from annual assessments used to maintain or improve street lighting in the City. Various street lighting assessment districts have been formed in the City, and in the event of a special reorganization the districts in the Harbor area would be administered by the proposed Harbor City. The number of Bureau of Street Lighting field offices in the Harbor area has been used to estimate the service needs in the Harbor area, and the proportion of street lighting assessments that would accrue to the Harbor City.

#### *Local Public Safety Fund*

Funds in the Local Public Safety Fund are allocated to the City in direct proportion to the amount of property taxes shifted to schools in the 1993-94 state budget, less the amount of State Motor Vehicle License fees received on a one-time basis. Funds must be spent on public safety.

It is unclear whether the Harbor City would receive Local Public Safety Fund revenue pursuant to section 30051 of the Government Code. The state allocation appears to lock in the percentage from the 1995-96 fiscal year, which is prior to the incorporation of a Harbor City. Therefore it is assumed the Harbor City would not receive any revenue from the Local Public State Fund.



#### *Traffic Safety Fund*

The Traffic Safety Fund accounts for the City's share of misdemeanor fines (not including parking offenses) and forfeitures collected, allocated subject to Section 42200 of the Vehicle Code. For the purposes of this initial fiscal analysis, it is assumed the share of Traffic Safety Fund attributable to the Harbor area is proportional to population.

As a point of reference, the number of traffic citations in the Harbor area was computed to provide a proxy measure of revenue generation. Based on fiscal year 1998-99 data, police service areas in the Harbor area accounted for 4.22% of all traffic citations issued.

#### *Special Police Communications/911 System Tax Fund*

The fund receives proceeds from a special parcel tax that was approved by voters in 1992 to repay bonds issued to finance improvements to the police communications system. It has been assumed in this analysis that the City would continue to administer the repayment of debt service on the bonds, and the residents of the Harbor area would continue to pay its allocable share of the parcel tax directly to the City. Therefore no Special Police Communications/911 System Tax Fund would accrue to the Harbor City upon a special reorganization.

#### *Allocations from Other Governmental Agencies and Other Sources*

This category includes a variety of miscellaneous revenue for engineering, design, fire protection, acquiring rights of way, and construction. It is assumed for the purposes of this analysis that the Harbor City would receive an amount of these various payments from governmental agencies and other sources in proportion to the general level of service provided by the Harbor City, as measured by the number of employees transferred to the Harbor City.

The computation for the allocation of all other special purpose fund revenues is provided in Table R-8 in Appendix II.



## Transfer of Assets

As part of the discussion of each City department in this report, City-owned equipment and facilities that are currently used in providing services, such as maintenance and storage facilities, vehicles, and computer networks, have been identified, and an assessment has been made as to whether these assets could be apportioned to a Harbor City.

The assumed transfer of City-owned assets to the Harbor City is based on current usage and not the applicant's proposal. The Harbor applicant has asserted that it is entitled to a proportionate share of all City assets. While the applicant has no entitlement these assets, LAFCO has the discretion to require a transfer of assets pursuant to the Cortese-Knox Act. If an asset apportionment is based on geographic location or on equity interest, as opposed to the need to support the performance of a municipal service, additional capital expenditures could be required by either the City of Los Angeles or Harbor City. The most cost-effective method of asset allocation – that based on need – has been assumed in this analysis.

Based on the department-by-department analysis of equipment and facilities in this report, it is estimated the proposed Harbor City would be allocated 24 facilities (administration buildings, vehicle maintenance and storage facilities, police stations, libraries), and 31 parks and recreation centers as part of the special reorganization. An additional 9 Harbor area facilities have been identified by the City, of which 7 are assumed to be retained by the City, and the remaining 2 were not identified by the various City departments. A preliminary listing of the municipal facilities that would transfer to the Harbor City is provided in Appendix I to this report.

### Value of Transferred Municipal Facilities

A valuation of the cost of leasing or replacing the City facilities assumed transferred to the proposed Harbor City has not been undertaken as part of the initial fiscal analysis. An analysis of the replacement cost of facilities may be completed, subject to the specific proposals contained in the applicant's final proposal, as part of a final comprehensive fiscal analysis.

### Investment Pool

Available general fund balances can guard against variability in revenue, and enhance the City's ability to meet on-going expenditures. As of June 30, 2000, the City reported in its Comprehensive Annual Financial Report a General Fund balance of \$219.3 million. Of this amount, most was designed or earmarked for specific purposes, such as future expenditures or reserve funds. In fact, the City has budgeted a zero balance for its General Fund for fiscal year 2000-01, demonstrating that balances are not available for additional budgetary appropriations.

The City maintains a reserve fund, and the budgeted cash balance for the end of fiscal year 2000-01 is \$60.4 million. Of this amount, \$40.4 million was allocated to the City's Emergency Reserve Account and \$20.0 million to the Contingency Reserve Account. However, the City does not maintain its reserve fund for working capital purposes, but for unexpected expenditures or emergencies that may arise over the course of the year. Consistent with City policy to maintain a minimum balance of 2% of General Fund revenues, the budgeted Reserve Fund balance represents approximately 2.06% of the \$2.932 billion in fiscal year 2000-01 General Fund revenues. This level of fund balance is relatively small, as, according to Moody's Investors Service, the average reserve as a percent of general fund revenues is 26% for the "typical California city."<sup>64</sup>

The balance in the City's General Fund varies over the course of the year, as the cash flow of revenues and expenditures do not necessarily match. Property taxes, for example, are paid biannually, and are received by the City primarily in December and May, while most expenditures are made evenly over the fiscal year. In fact, because of the unevenness in the receipt of revenue, the City has historically issued tax and revenue anticipation notes to finance the revenue shortfall during the course of the year. The City has issued tax and revenue anticipation notes in par amounts

<sup>64</sup> Moody's Investors Service, "Moody's Analysis, Los Angeles (City of), California," December 2000, p. 6.



ranging from \$15.0 million to \$328.7 million annually from 1996 to 2000. With the exception of these borrowings, the City has not borrowed from external sources for cash flow purposes since 1986, and has relied on internal cash resources to manage timing differences between the receipt of revenue and the expenditure of general funds.

The new Harbor City would similarly need to establish working capital to fund its operations, beginning in fiscal year 2003-04. Alternative working capital sources for the proposed Harbor City include unexpended vehicle license fees, which would be reapportioned and allocated to the city upon the effective date of incorporation, or the proceeds of a short-term borrowing such as revenue anticipation notes. Given the apparent lack of available cash from the City, it is assumed for the purposes of this analysis that no transfer of cash balances would occur from the City to the proposed Harbor City.



## Harbor City Start-Up Costs

The applicant's proposal to assume responsibility for all municipal services currently provided in the Harbor area would require not only the transfer of personnel to perform those functions, but also the capital and equipment, such as building space, vehicles, maintenance facilities, telecommunications, and information technology systems necessary to support those functions. The manner in which the Harbor City utilizes existing City of Los Angeles capital and equipment and the way it provides for any additionally required assets are key aspects to the analysis of the applicant's proposal.

Many assets currently owned by the City in the Harbor area, such as office buildings, libraries, police stations, fire engines, street sweepers, desktop computers, et al. could be transferred from the City to a new Harbor City. Other assets comprise a larger interdependent system of assets, and may not be easily divided and transferred to the Harbor City. Examples of such systems include the Emergency Command Control Communications System used to deploy fire and police in response to calls from the community, the City's fiber optic network that connects the City's four city halls and police stations, and the Emergency Operations Center that serves as a hub to coordinate City resources in the event of an emergency. These systems cannot likely be divided without designing and constructing two separately functioning systems.

The applicant has not proposed a plan that would result in the provision of assets that are currently part of an interdependent system. In lieu of a specific proposal from the applicant, it has been assumed for the purposes of this analysis that the Harbor City would need to contract with the City to jointly use those systems that cannot be divided. In the event joint-use of the system is not possible, alternatives (and the costs of those alternatives) are provided.

### Information Technology Systems

This section provides an analysis of technical and economic issues related to the divisibility of the information technology (IT) environment of the City of Los Angeles. The City's current IT infrastructure includes certain components that are necessary in performing day-to-day functions, such as automated payroll and accounting systems, and emergency communications systems used by public safety personnel. In the event of a special reorganization, a new Harbor City would require the use of the City's existing IT infrastructure, or provide for this service independently. This section identifies the alternatives available to the proposed Harbor City, and attempts to estimate the economic impact of the differing alternatives.

This section is not a detailed (or "bottom up") review of each component of the City's IT environment and the impact of a special reorganization on each. Such an analysis is extremely time-intensive and would require detailed information from the City as to the specific usage and architecture of its existing IT infrastructure, and would also require input from the Harbor area applicant regarding the expected usage, or business environment, of a proposed Harbor City. Rather, this section provides a high-level assessment of the available strategies for the use of the City's IT components and the potential initial, or "transition" costs, and the recurring costs of each strategy. As such, the information must be viewed as providing guidelines rather than specific projected costs.

### Components of the IT Environment

The City's Information Technology Agency (ITA) has identified the following list of components that comprise its IT environment:

1. Applications
2. Enterprise Server Related Infrastructure
3. Internet Infrastructure
4. Radio Communications Infrastructure
5. Data Communications Infrastructure
6. CityView's Studio Facility
7. Training Center
8. City Hall Telephone Operations Center



9. Telephone Network
10. Fiber Optic Network
11. Hardware and Software Configuration Inventories and Support
12. Network Communication Control Center

The City has indicated that some of the components of this environment are more readily divisible than other components, while others are best used in common, and some can neither be used in common nor divided. Whether any of the components can be divided or used in common will impact the continuing cost of IT for the City of Los Angeles as well as for the new Harbor City in the event of Harbor area special reorganization.

Although the Harbor applicant has proposed that it be allocated a proportional share of the City's assets (and by implication the City's IT environment), the City has asserted that much of its IT environment cannot be divided, and that any replication of a component of the IT environment cannot be done without increasing the aggregate cost for these components. As stated above, it is not possible to reassess the City's findings for each component of the IT environment. However, the City's IT environment can be grouped into several broad categories, and feasible alternatives for the provision of service for a Harbor City can be identified and assessed for those categories. The table below identifies the differing categories that comprise the City's IT environment.

For convenience, Internet Infrastructure, Radio Communications Infrastructure, Data Communications Infrastructure, Network Communications Control Center, and the Fiber-Optic Network have been grouped under a single category of Data Communications, and the City Hall Telephone Operations Center and the Telephone Network have been grouped under Telephony.

#### **SUMMARY OF CITY OF LOS ANGELES IT ENVIRONMENT**

| <u>Category</u>                              | <u>Definition</u>                                                                                                                                                                                                                       |
|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Applications                                 | Covers Application Programs, Development and Maintenance Technical Staff, and Application-related Help Desk Services.                                                                                                                   |
| Enterprise Server Related Infrastructure     | Covers Data Center operations and staffing. Enterprise Server (Mainframe), Direct Access Storage, Operating Systems, and associated software products.                                                                                  |
| Data and Radio Communications Infrastructure | Consists of the Intranet Infrastructure, Data Communications Infrastructure, Remote Servers, Radio Communications Infrastructure, and End User Support.                                                                                 |
| Training Infrastructure                      | Includes the Training Facility Infrastructure, Classroom Training Materials and Instruction, Self-Study Training Materials, and Related Hardware and Software.                                                                          |
| Telephony Infrastructure                     | Includes the Telephone Network, City Hall Telephone Operations Center, and "Add, Move, Change" Support Staff, Help Desk.                                                                                                                |
| Desktop Services                             | Consists of Hardware and Software Configuration Management, PC hardware and Operating System, "Add, Move, Change" support staff, "Office" software suites, PC-based standalone applications, Help Desk, End-User Support, and Printers. |

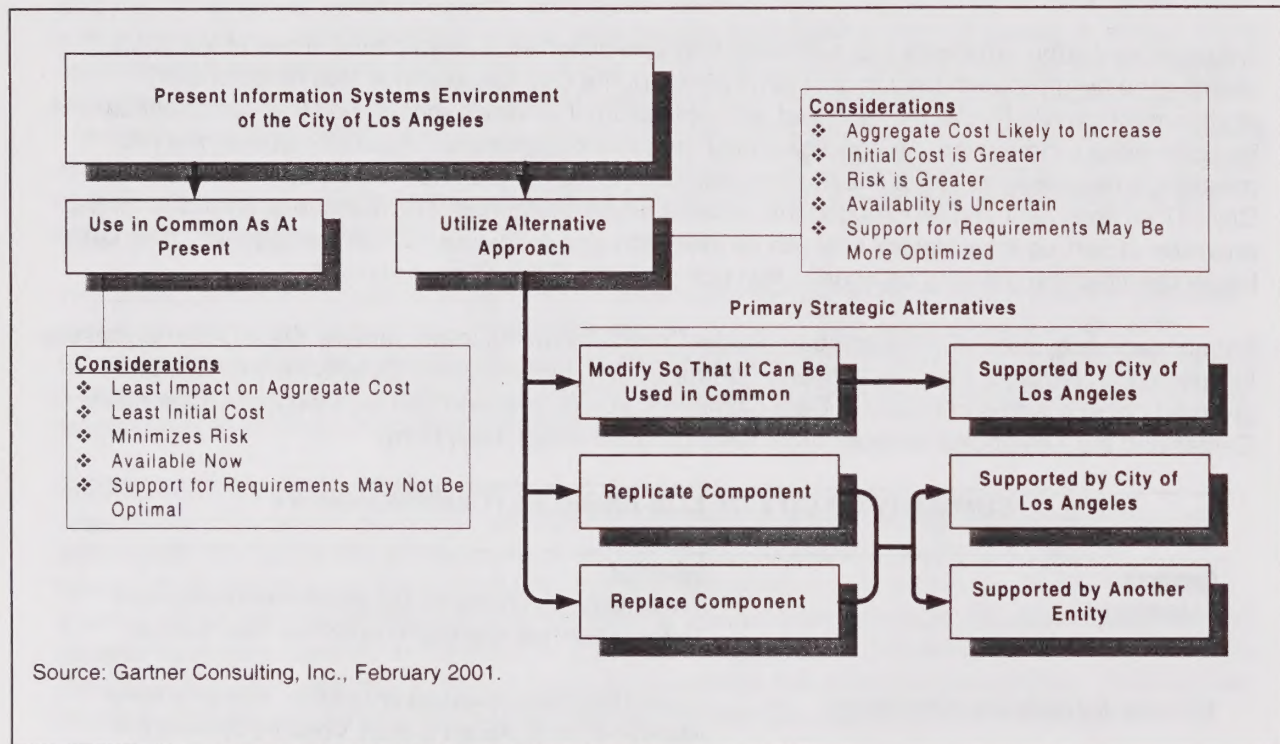
#### Alternatives for the Provision of Service

This section reviews the various strategies available to the City and proposed Harbor City for each component of the City's present IT environment and the relative impact that each strategy would have



on the aggregate cost for IT. The figure below provides an illustration of the potential strategy for each component of the present IT environment of the City of Los Angeles. There are generally two basic IT strategies: (1) use the IT environment in common as it is currently done, or (2) utilize an alternative approach. There are three further options in the event that a component of the IT environment cannot be used in common as at present:

1. Modify the component so that it can be used in common;
2. Replicate the component so that the Harbor City has its own, unique component; and
3. Replace the component with new components for the Harbor City.



Each of the available strategies for the provision of IT services is discussed in the table below, and an assessment is provided as to the most reasonable strategy that would result in continued service for the City and would allow a Harbor City use of an IT environment.



## ASSESSMENT OF ALTERNATIVES IT STRATEGIES

| <u>Strategy</u>                                                | <u>Definition</u>                                                                                                                                                                                                                                                               | <u>Assessment</u>                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Use Current Component of IT Environment                        | The cities would continue to use the component of the IT environment just as it is used today – special reorganization would have no impact on the component.                                                                                                                   | Optimal strategy for the near-term, although there could still be some additional costs if software licenses or other agreements need to be re-negotiated as a result of the component being used by an entity other than the City of Los Angeles.                                                                                                                                                               |
| Modify Current Component of IT Environment                     | The component of the IT environment would have to be modified in some way, perhaps extensively, for the cities to use it following special reorganization.                                                                                                                      | Strategy may not be viable without additional analysis.                                                                                                                                                                                                                                                                                                                                                          |
| Replicate Current Component of IT Environment                  | The component of the IT environment supporting City of Los Angeles would have to be replicated to support the Harbor area following special reorganization. Optionally, the City of Los Angeles or another entity could support the replicated component.                       | Replacement is probably not a highly viable strategy at this time based on the level of risk, the length of time required for acquisition through implementation, and the impact on startup costs. Should it be necessary to replace a component of the IT environment, then having it supported by an entity other than the City of Los Angeles should mitigate the possible impact on present City facilities. |
| Replace Current Component of IT Environment With New Component | The component of the IT environment supporting City of Los Angeles would have to be replaced with a new IT component to support the Harbor area following special reorganization. Optionally, the City of Los Angeles or another entity could support the replicated component. | Replacement is probably not a highly viable strategy at this time based on the level of risk, the length of time required for acquisition through implementation, and the impact on startup costs. Should it be necessary to replace a component of the IT environment, then having it supported by an entity other than the City of Los Angeles should mitigate the possible impact on present City facilities. |

Because a strategy involving the use of the current components of the City's IT environment would have the least impact on aggregate cost and initial/transition costs, would minimize risk, and is available now, it is assumed that the City and Harbor City would pursue this alternative. The implication of this strategy is that, in the absence of a detailed plan from the Harbor applicant as to the method of providing IT services, the City would, to the extent feasible, share all existing IT components with a new Harbor City. The ability to share an IT component is a function of more than just technology, however, and is also dependent on legal and operational considerations. The use of the City's current IT environment by the Harbor City would also require City staff to manage the various IT components on behalf of a Harbor City. This would prohibit the transfer of many City of Los Angeles municipal services that relate to the utilization of IT components, and would require compensation by the Harbor City for a proportional share of City services.

A detailed analysis of each category of the City's current IT environment is provided below, including a description of the assumed strategy to be taken by the City and Harbor City and the potential cost impact of such a strategy.

### *Applications*

ITA develops and maintains applications for use by many of the City departments. ITA provides support for various systems and facilities, which belong to other City departments. The ATSAC, and Fire Command and Control System, for example, are not ITA assets but are supported by the



department. ITA houses several components of the Fire Command and Control System hardware as well as other City department systems at the Computer Operations Center. An initial list of ITA-supported applications identifies approximately 145 applications.

A proposed Harbor City could potentially use these applications as they are at present, or they may need to be modified, replicated, or replaced. A more detailed, application-by-application analysis would be required to determine the best course for each application and the related transition and recurring costs. The magnitude of this effort is a factor of the number of applications and their complexity. ITA has identified 145 applications that they support across all City agencies; however, during the City's preparation for the year 2000, a portfolio of 1,788 applications was identified by the City's Y2K office. Factors that could affect the cost of continuing to use these applications as they are at present could include software licensing agreements and third party agreement, which might not provide for utilization of the applications by employees of an entity other than the City of Los Angeles. Finally, there are some applications used by the City of Los Angeles (principally for public safety) that are supported by external entities such as the County of Los Angeles and the State of California. These could also be affected by the special reorganization of the Harbor area from the City.

The following technological factors must be considered in deciding how the component can be provided for the Harbor City:

- Application architecture – application architectures can vary considerably depending on the age and type of the application. Therefore, an application-by-application analysis would be required to determine portability and/or interoperability. For the City of Los Angeles to share a system with a new Harbor City may require customization of the application, the extent to which would depend on the flexibility of the system.
- Application “Refresh” cycles – are any of the applications at a point in their life when they are due for replacement or renovation irrespective of special reorganization?
- Software licenses – what are the terms and conditions? Are the licenses transferable?
- Are the contracts for commercial, off the shelf (COTS) software product licenses written on a per seat or tiered pricing basis?
- Do the terms and conditions of other third-party contracts for software and services permit the use of the application by a Harbor City? Are these agreements transferable?

The assumed strategy to be undertaken by the Harbor City would:

- Utilize existing applications to the maximum extent possible under a leasing agreement with the City of Los Angeles for shared application services with a finite term, e.g., one-year; impact on recurring and transition costs would be minimized.
- Utilize the term of the leasing agreement to assess each application, determine appropriate alternatives, and collect appropriate business requirements and service level data.

It is important to note that the initial and recurring costs can only be assessed on a per application basis. Any factors that would prohibit the Harbor City from using a specific component of the City's IT infrastructure would require the Harbor City find an alternative method of service, which would increase its initial and recurring costs. For the purposes of this initial fiscal analysis, it is assumed that, to the extent possible, all existing applications would be shared, and the Harbor City would reimburse the City for its costs. Any application that is not “mission critical” and cannot be shared is assumed not utilized by the Harbor City.



### *Enterprise Server Related Infrastructure*

ITA's System Processing Bureau provides operation and support of various mission critical applications through the City Enterprise Server (ES) or mainframe and its related infrastructure. The ES and the related infrastructure will be very difficult to divide as the ES has only one physical Central Processing Unit (CPU). All of the licensing is tied to that particular CPU serial number and CPU capacity. Other ES related items fall into a similar category. For example, the ES Direct Access Storage Devices (DASD) or disk farm is not easily divisible; the ES communications infrastructure, printing infrastructures, the software licenses, etc., are not easily divisible as well. However, there is the option that the large CPU could be exchanged for two smaller CPUs that could then be divided among the City and the special reorganization areas. Similar work could be done on the ES infrastructure. This would be an expensive option because the economies of scale that are generated from one large processor would be lost on two smaller processors.

The following factors must be considered in deciding how the component can be provided for the Harbor City:

- Renegotiating contracts - software licenses could double depending on software vendors pricing structure.
- Does the City of Los Angeles' Data Center provide for growth?

The assumed strategy to be undertaken by the Harbor City would involve the following:

- Use in common as at present wherever possible; if the application is itself used in common, the enterprise server infrastructure should logically follow.
- Should it be necessary to replicate or replace an application, and the City of Los Angeles is going to continue to support it, it may be possible to re-allocate space on the current enterprise server by logically partitioning the machine. This could be accomplished without affecting the physical capacity of the operations center.
- Use the term of the initial service agreement to capture key metrics, i.e., GB Disk Storage, CPU hours, MIPS.
- Use the term of the initial service agreement to determine service levels for computer processing, data storage, and output services.

It is assumed in this analysis that any mission critical, or vital function of the City's IT environment, which would be required by the proposed Harbor City, would be shared with the City of Los Angeles. One specific component of the City's IT environment that has been identified as vital in the on-going operation of a Harbor City is an accounting system. The City currently uses a Financial Management Information System (FMIS) to perform accounts payable, accounts receivable, general ledger, encumbrance control, and fund accounting functions of the City. A Harbor City would also require an accounting system for its transactions, which could potentially be accomplished on FMIS. However, reprogramming of FMIS would be necessary to create separate funds for the Harbor City, and allow for a differentiation between City of Los Angeles and Harbor City transactions. Although it has been assumed elsewhere in this report that the Harbor City would reimburse the City of Los Angeles for costs to support the City's IT environment, the cost of reprogramming must be recognized as an additional expense. The cost impact of the FMIS reprogramming is discussed in section "IT Transition Costs."

### *Data and Radio Communications Infrastructure*

#### *Internet Infrastructure:*

ITA is responsible for design, implementation, and management of the Internet infrastructure for Council controlled departments utilizing the network backbone implemented and maintained by ITA.



Most departments utilize this infrastructure. Departments that are not controlled by Council generally maintain their own separate networks and Internet infrastructure. Some departments that maintain their own Internet infrastructure are the Library, Department of Water and Power, Harbor, Airports, and the Convention Center.

The Internet infrastructure consists of the connection to the Internet Service Provider (ISP), a firewall to protect the City network and control access, proxy servers to perform address translation and improve throughput, an e-mail gateway, management software, and the network hardware. The latter consists of components (routers, switches, and hubs) to connect pieces together and create a controlled access zone (DMZ) where the application web servers can be located. The Internet infrastructure is a basic requirement for any network that connects to the Internet. It cannot be divided and will therefore have to be duplicated for each network with an Internet connection.

ITA provides a web server, located in the DMZ, for hosting the City's Internet web site. However, ITA does not develop web page content. Web pages are developed and maintained by the individual departments who have responsibility for the content. The City does not require that departments use the ITA web server, and some City Departments host their web pages on external commercial web servers. Departments that maintain their own Internet infrastructures generally host their web pages on their own web servers.

#### Radio Communications Infrastructure:

Radio communications buildings and the supporting infrastructure (towers, air-conditioning, generators, etc.) and communications equipment in the buildings cannot be divided or duplicated at a minimal cost. All other radio communications facilities provide radio coverage to more than one specific area.

Public agencies currently operate in every available frequency band allocated for public safety use, including Very High Frequency (VHF) low and high bands, Ultra High Frequency (UHF), and 800 MHz frequencies. This constraint inhibits a replication of the system. The new spectrum in 700 MHz range that has been allocated to public safety will most likely not happen in the foreseeable future.

#### Data Communications Infrastructure:

The data communications equipment located in city buildings and in the City Hall East Emergency Operations Center communications facilities cannot be divided or duplicated, as it has been designed and implemented for City departmental and City backbone network requirements. The design and configuration of network components have been implemented for communications for the entire City and not for a specific geographic area. The network infrastructure has been designed to provide services for City departments to communicate with all internal City departments and external organizations as required.

#### Network Communication Control Center:

ITA maintains a Network Communication Control (NCC) center to support the network monitoring and maintenance for the entire ITA supported network. The NCC is an integral part of the data communication infrastructure and therefore cannot be divided or duplicated for a minimal cost.

#### Fiber Optic Network:

The Fiber Optic Network consists of two fiber rings that provide services to the four civic centers and the eighteen Police Divisions. The rings were created to provide alternate paths for communications should a disruption occur. The fiber rings serve all geographic areas of the City, and separation could not be accomplished without destroying the redundant architecture of the fiber ring. Duplication of the rings could be accomplished at a cost exceeding \$20 Million.

#### Estimated Annual / Recurring Expenses

Although the City maintains an Information Technology Agency with a well-defined annual budget, the proliferation of IT throughout the City and the payment of a proportion of this infrastructure from



individual departments' budgets rather than the ITA budget can make it difficult to assess how much the City actually spends on IT. Industry research indicates that this "hidden" departmental spending on IT varies, but can be almost as much as the reported, central IT budget. In the case of the City of Los Angeles, the fiscal year 2000-01 budget for the Information Technology Agency is \$100.6 million (excluding "interdepartmental charge" reimbursements from other departments), suggesting that total City expenditures may be as much as twice that.

The estimated Harbor City share for the total amount of direct City IT expenditures is based on the proportion of City employees that would transfer to the Harbor City. Indirect IT costs are estimated using the City's CAP rate for the Personnel Department. An attempt has also been made to identify the budgeted components of the imbedded components of the City's IT expenditures for certain vital components of the City's IT environment. As shown on the table below, based on this analysis, it is estimated that at a minimum, 67 positions in the City would be contracted by the Harbor City to support its IT environment.

**CITY OF LOS ANGELES POSITIONS CONTRACTED BY HARBOR CITY  
SUPPORT OF IT ENVIRONMENT**

| <u>Department</u>      | <u>Number of<br/>Positions</u> | <u>Function</u>                       |
|------------------------|--------------------------------|---------------------------------------|
| Controller             | 1                              | FMIS support                          |
| Fire                   | 5                              | ECCCS support                         |
| Information Technology | 29                             | Support for 145 citywide applications |
| Police                 | 27                             | ECCCS support                         |
| Transportation         | 2                              | ATSAC support                         |
| Library                | 3                              | CARL, Web, network support            |
| Total                  | 67                             |                                       |

A useful comparison to the estimated total level of City IT expenditures is to evaluate the cost of IT per employee. Industry analysis on IT expenditures indicated a median cost per employee of \$4,878 for state and local government.<sup>65</sup> Rounding that median cost to \$5,000 per employee and multiplying that by the 34,000 employees of the City of Los Angeles suggests that total IT expenditures for the City are approximately \$170 million, suggesting that hidden spending is about 70% of reported spending. This estimated \$170 million in annual IT expenditure by the City of Los Angeles is what can be considered the "aggregate" or annual recurring cost for IT.

The aggregate IT budget for the City is not assumed impacted as a result of providing service for a Harbor City. However, as discussed below in section "IT Transition Costs," this assumption presumes the City will provide services on behalf of the Harbor City for IT-intensive services, such as payroll and police and fire dispatch, and minimal effort is undertaken to differentiate usage between the City of Los Angeles and Harbor City. That is, it is assumed in this analysis that the Harbor City will reimburse the City for IT services using a broad measurement such as the proportion of employees transferred, and no detailed programming or accounting is undertaken to differentiate the actual usage of the City's IT environment. In the event any additional work is performed to differentiate usage (such as that assumed for FMIS), costs in addition to those incurred by the City would result.

In addition, if the Harbor City determines that it requires additional IT professionals, or does not wish to receive all of its IT staffing support from the City of Los Angeles, then the Harbor City would incur costs in addition to those paid to the City for contractual IT services. It is not possible at this time to accurately assess how many additional IT professionals might be required by the Harbor City;

<sup>65</sup> Gartner Group, Inc., "1998 IT Spending and Staffing Survey Results," June 1999.



however, it is reasonable to assume that Harbor City will desire to have some IT professionals of its own.

#### IT Transition Costs

The costs identified above are annual, recurring costs. In the event that the Harbor City cannot use certain components of the present IT environment of the City of Los Angeles, it is possible that some additional costs may be incurred. These can be called “transition” costs. Transition costs consist primarily of the expenses related to the modification of an existing component of the IT environment to make it useable by the new Harbor City or the acquisition of a new component. All transition costs are additive in the short term although there is a possibility that, depending on the approach taken, long-term recurring costs might be reduced compared to present levels.

Transition costs cannot be predicted without a very exhaustive review of each component of the IT environment. Even if the Harbor City continues to use the present components of IT environment of the City of Los Angeles (which is the best case scenario for minimizing the impact of special reorganization on transition costs), there is still the potential for some incremental costs related to special reorganization. These costs cannot be projected with the information available at this time; however, it is possible to provide a “ballpark” estimate to be used as a planning number only. This planning number is based on a number of assumptions and should be regarded as highly speculative.

The County of San Diego recently requested bids from private parties to source its entire IT environment. Analysis of transition costs from three bids prepared for the County of San Diego for its sourcing of IT services yielded a range of \$4.8 million to \$15.7 million, with a midpoint of \$10.2 million. The sourcing of IT services for the County of San Diego was a far more extensive effort than is anticipated for the special reorganization of the Harbor area and therefore should not involve the same level of transition costs. Assuming that most of the components of the IT environment of the City of Los Angeles will continue to be utilized in the event of a special reorganization just as they are today, then the transition costs should be minimized. For planning and budget purposes, it may be prudent to start with an initial estimate of the transition costs as being between 20% to 30% of the transition cost midpoint developed from the proposals for the County of San Diego’s sourcing of IT services. This would suggest that, subject to a detailed analysis, an initial estimate of the range of the transition costs may be approximately \$2.4 million to \$3.6 million. For the purposes of this initial fiscal analysis, it is assumed the Harbor City would pay an additional cost of \$2.4 million in IT-related transition costs for the first five years of incorporation. It is further assumed the transition costs related to the reprogramming of the City’s FMIS are included in the \$2.4 million annual amount.

This estimate assumes that many of the components of the IT environment, particularly those supporting “mission critical” functions such as public safety, health, and sanitation, can be used in common as they are today. If this should prove not to be the case, meaning that the Harbor City would need to have components of the IT environment modified, replicated, or replaced, then the level of transition costs would be considerably higher. It is conceivable that, in this instance, the estimated transition costs could exceed the \$15.7 million top of range transition cost estimate for the County of San Diego.

Factors that could account for this expenditure include:

- Additional costs related to performing a detailed, “bottom up” analysis of the IT environment of the City of Los Angeles to resolve the status of each component and sub-component. If the City of Los Angeles does not have sufficient IT staff to perform this analysis, then external service providers may be needed.
- Additional costs related to planning and managing the transition.



- Additional costs related to changes in software licensing agreements and other third-party agreements as a result of users from entities other than the City of Los Angeles utilizing components of the IT environment.
- Additional costs related to the development of service level agreements between the City of Los Angeles and the new cities.
- Additional costs related to the development of concise system requirements for each of the new cities. This will permit a more precise determination as to whether it is operationally feasible to use a component of the City's present IT environment as it is used today or if an alternative approach should be considered.

A \$2.4 million annual amount for IT transition costs is assumed for purposes of projected future expenditures for the Harbor City. As noted above, this amount, however, must be considered a minimum level, and could increase significantly depending on the extent IT services cannot be shared with the City of Los Angeles.

### **Additional Personnel**

Throughout this fiscal analysis, it has generally been assumed that existing City personnel would be apportioned to the proposed Harbor City, and no additional hiring would occur. This implies that the general manager or executive director positions currently with the City would remain with the City, and the Harbor City would fill its top management positions from other City staff transferred. Elected officials, however, would not likely be available from the City, and the Harbor City would need to create these additional positions, which would likely result in additional salary expenses for the new city.

The Harbor area applicant has stated in its vision statement that it would incorporate as a general law city. This would require that the new city have an elected council of at least five members, and would select its mayor from the council. The applicant has also not identified whether other Harbor City officials would be elected. The Los Angeles City Charter does require that the City Attorney and Controller be elected.

For the purposes of this initial fiscal analysis, it is assumed the Harbor City would be consistent with the provisions of the Los Angeles City Charter relating to elected officials, and have an elected city attorney and controller. The Harbor City may also require a full time, five-member, paid Board of Public Works, if the new city is to be consistent with the provisions of the Los Angeles City Charter.

The estimated costs, in fiscal year 2000-01 dollars, for the assumed Harbor City elected officials and paid Board positions are provided in the table below. The assumed annual salary for the Harbor City elected officials is equal to the current salary for the comparable City of Los Angeles officials, inflated by an assumed 20% fringe benefit rate.



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## HARBOR CITY COST OF ADDITIONAL PERSONNEL

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| <u>Position</u>              | <u>Number</u> | 2000-01<br><u>Annual</u><br><u>Salary*</u> | <u>Fringe</u><br><u>Rate**</u> | <u>Total</u> |
|------------------------------|---------------|--------------------------------------------|--------------------------------|--------------|
| City Attorney                | 1             | 159,661                                    | 20.00%                         | 191,593      |
| Controller                   | 1             | 146,356                                    | 20.00%                         | 175,627      |
| Council Member               | 5             | 133,051                                    | 20.00%                         | 798,306      |
| Member Board of Public Works | 5             | 93,231                                     | 20.00%                         | 559,386      |
| Total                        |               |                                            |                                | \$ 1,724,912 |

\* Effective January 1, 2001.

Source: City of Los Angeles, "Class Title/Salary Table," January 18, 2001. Board of Public Works annual salary from "Description of Positions and Salaries, Fiscal Year 2000-01 Proposed Budget."

\*\* Estimated fringe rate.

For purposes of estimating future Harbor City expenditures, it is assumed that the Harbor City elected officials would begin their terms immediately upon the effective date of incorporation. The Board of Public Works is assumed to begin service on July 1, 2003.

### Transition Team Expenses

In addition to recurring annual costs from additional staff, it is assumed for the purposes of the fiscal analysis that the Harbor City would expend \$1 million during the transition period (November 5, 2002, to June 30, 2003) for a transition team that would provide the administrative, financial, legal, and technical support required for a transition of service from the City. It is anticipated that the Harbor City will provide additional detail of its transition team requirements in its final proposal for special reorganization.

### Office Facilities

The applicant's proposal to assume responsibility for services in the Harbor area indicates that City personnel, who currently work for the benefit of the Harbor area, would become Harbor City employees. The implication of this specific proposal is that many of the positions currently located in the Civic Center area of the City of Los Angeles would be moved to municipal facilities located in the Harbor area.

The City has estimated that, as of 1995, 8,650 of its employees (excluding Police, Library and proprietary departments) were located in office facilities in the City.<sup>66</sup> Assuming this level of employees in office facilities has not materially changed since 1995, a proportional share of these positions may need to be transferred to the Harbor City, and would presumably require office space in the Harbor area. It has been assumed in this report that 4% of the City's total workforce (excluding proprietary departments) would be transferred to the Harbor City upon a special reorganization. This percentage is used to estimate the number of Harbor City employees that would require office space. Based on the 8,650 citywide estimate, the Harbor City would require office space for 343 employees.

The space requirement for 343 Harbor City employees is estimated to be 78,890 square feet, based on a City estimate of 230 square feet of usage for each of its employees.<sup>67</sup> The City currently owns the San Pedro Municipal Building (San Pedro City Hall) in the Harbor area, with an estimated 66,908 total square footage.

<sup>66</sup> City of Los Angeles, *City of Los Angeles Office Facilities Master Plan, Volume 1 - Final Report*, March 1996, p. III-2.

<sup>67</sup> Ibid, p. III-2.



Assuming that 85% of the total square footage of City-owned office space in the Harbor area is usable, the existing facilities can provide 56,872 square feet of office space for Harbor City employees. This leaves a requirement of 22,018 usable square feet for new Harbor City employees. At current market lease rates of \$1.90 per square foot in the Harbor area, the Harbor City could expend as much as \$502,010 annually in lease payments.<sup>68</sup>

Although the Harbor City may incur an increase in office lease costs, the City of Los Angeles may also see a reduction in lease costs in the event of a Harbor City special reorganization, as the employee office space requirement in Civic Center may be reduced. If the reduction in City lease costs is equal to the estimated additional lease costs to be incurred by the Harbor City, there would be no additional "start-up" costs in the Harbor area, as a portion of the City's current lease payments for office facilities in the Civic Center would be allocated to facilities in the Harbor area. It is not known at the time of this report whether the City would be able to reduce its lease payments in an amount equal to the estimated Harbor City requirement. For the purposes of this analysis, it is assumed that the Harbor City lease payment requirement would be equal to a reduction in lease payments for the City. However, to the extent the costs per square footage for Harbor City space exceeds the costs paid by the City, or to the extent the City cannot reduce its lease payments to match the addition lease costs in the Harbor area, an additive regional cost would be created that would need to be paid by the proposed Harbor City.

## **Legal Issues Affecting Apportionment**

This section addresses certain legal issues that may arise as a result of a Harbor area special reorganization. The applicant has proposed that it would take responsibility for an equitable share of the City's liabilities. Pursuant to Government Code section 57354, a new Harbor City would remain liable for any outstanding bonds, contracts, or other obligations or liabilities of the City, and pursuant to former Government Code section 56844 (recodified as Section 56886), LAFCO may transfer or apportion outstanding obligations or liabilities between the affected cities as a part of the terms and conditions for special reorganization. This section identifies some of the legal parameters to be considered in the analysis of the transfer of City of Los Angeles liability to a Harbor City.

## **Claims and Judgments Payable**

As of June 30, 2000, the City reported \$665.5 million in unpaid claims, comprised of \$295.4 million for unpaid lawsuits and claims and \$370.1 million for workers' compensation losses.<sup>69</sup> The reported unpaid claim amount for future tort liabilities and future workers' compensation is a present value estimate based on actuarially estimated future claims. The City reports claims and judgments "when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated."<sup>70</sup> The amount of reported unpaid lawsuits and claims includes \$29.2 million for approved settlement payments related to the Los Angeles Police Department Rampart Division Investigation.

The City provides for the actual payment of any claim in its annual budget. As shown in the table below for fiscal year 2000-01, the City has budgeted \$149.3 million for the payment or settlement of legal action, workers compensation, and police-related liability.

<sup>68</sup> Cushman & Wakefield, "MarketBeat Series," January 2001, p. 15. Lease rate for "Direct Weighted Average Class A Rental Rate" in the "San Pedro" market.

<sup>69</sup> Source: City of Los Angeles, *Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2000*.

<sup>70</sup> Ibid, p. 34.



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**CITY OF LOS ANGELES**  
**FY 2000-01 BUDGETED CLAIMS AND JUDGMENTS**

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| <u>Description</u>                         | <u>2000-01<br/>Budget</u> |
|--------------------------------------------|---------------------------|
| Workers' Compensation                      | \$ 85,951,000             |
| Liability Claims                           | 55,700,000                |
| Reserve for Extraordinary Liability Claims | 7,659,913                 |
| Total                                      | <u>\$ 149,310,913</u>     |

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In the event of a special reorganization, the Harbor City would likely be required to fund any existing or new workers' compensation claims of any employees transferred. For the purposes of computing the expenditures that would accrue to a Harbor City, it is assumed the Harbor City would assume an amount proportional to the total number of employees transferred.

Because the Government Code generally requires that the new city assume responsibility for a proportional share of the debts of the remaining city, it is assumed in this analysis that the Harbor City would be responsible for a proportion of the City's currently recognized (accrued but not expended) liability claims. This proportion is assumed, for the purposes of this analysis, to be equal to the total number of employees that would transfer to the Harbor City, as this approximates the proportional level of service to be transferred. Any actual allocation of liabilities would likely need to be determined by LAFCO as part of the terms and conditions of a special reorganization.

In addition, as a newly incorporated city, the Harbor City would be expected to incur new liability claims as part of its normal course of operations. Conversely, upon a special reorganization, the City of Los Angeles may experience a reduction in the volume of claims, given the reduction in personnel and services being provided by the City. Although the timing of any reduction is uncertain, given the lag between the actual occurrence of the event that generated the claim and the claim's resolution, it is further assumed that the Harbor City's future expenditures for liability claims would be proportional to the City's fiscal year 2000-01 expenditure, based on the total number of employees transferred from the City.

The City is currently funding a reserve for expected claims resulting from Rampart Division investigations. The City has set aside \$22.34 million in its Reserve for Extraordinary Liability Claims Fund as of July 1, 2000. A Harbor City would not be required to accumulate a similar reserve for extraordinary claims, and it is uncertain to what extent the Harbor City would be liable for future claims. Although the City has estimated a potential Rampart Division liability of \$125 million, these liabilities are not currently reported as a liability of the City and may not be realized. Therefore, it is assumed that the Harbor City would not budget for an extraordinary reserve, and any Rampart Division claims would be funded from the City's existing reserve. However, the new city would remain potentially liable for judgments arising from Rampart Division in excess of reserves, pursuant to Government Code Sections 56121 and 57354.

#### **Bonded Indebtedness**

As of August 1, 2000, the City of Los Angeles had \$9.9 billion outstanding in bonded indebtedness. The outstanding debt of the City is comprised of voter approved general obligation and special tax bonds, lease obligations issued by the Los Angeles Convention and Exhibition Center Authority or the Municipal Improvement Corporation of Los Angeles (MICLA), judgment obligation bonds, and various revenue bonds. The table below shows the outstanding debt of the City by type of debt.



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**CITY OF LOS ANGELES  
OUTSTANDING DEBT**

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| <u>Type of Debt</u>       | <u>Amount*</u>   |
|---------------------------|------------------|
| General Obligation Bonds  | \$ 551,220,000   |
| Special Tax Bonds         | 168,885,000      |
| Lease Obligations         | 1,156,035,000    |
| Judgment Obligation Bonds | 99,325,000       |
| Revenue Bonds             | 7,937,870,000    |
| <hr/>                     |                  |
| Total                     | \$ 9,913,335,000 |

\* As of August 1, 2000.

Source: City of Los Angeles Office of Administrative and  
Research Services.

Impairment of Contracts

An issue to consider relating to the City's debt is the potential impact on the City's bondholders upon a Harbor area special reorganization. The City has made certain covenants to bondholders, and the potential impact on these covenants must be addressed when identifying alternatives for the apportionment of debt between the City of Los Angeles and Harbor City.

Article I, section 10 of the U.S. Constitution, which is known as the "Contracts Clause," states in relevant part: "No state shall . . . pass any . . . Law impairing the Obligation of Contracts . . ." Substantially similar language is found in Article I, section 9 of the California Constitution, and California courts have generally considered both constitutional provisions under the same analysis. The leading case interpreting the Contracts Clause in the public finance context is *U.S. Trust Company of New York v. State of New Jersey*, 431 U.S. 1 (1977).

The analysis under *U.S. Trust*, as interpreted by the recent California appellate court decision *Board of Administration v. Wilson*, 52 Cal.App.4th 1109 (1997), poses the following questions: First, is there a valid contract? Second, is the impairment substantial? Third, is this substantial impairment nonetheless permissible as a reasonable and necessary exercise of government power to serve an important public purpose?

Under California court decisions, the question of whether the substantial impairment at issue is permissible as reasonable and necessary is to be determined on a "strict scrutiny" basis. In other words, the impairment must be narrowly tailored to further a compelling governmental interest. The state must use the least intrusive means to achieve its goals.

The allocation of various types of bond liability between the City of Los Angeles and the new Harbor City is analyzed below under existing Contract Clause protections. A review of relevant state and federal judicial decisions yields the following general principles:

- Impairment must be "reasonable" in response to changed circumstances.
- Impairment must be "necessary," which means narrowly tailored to further a compelling state interest.
- Loss of even a portion of the security for bonds may be unconstitutional.
- Changes in the market value or credit rating of bonds may indicate whether impairment has taken place.



- The Cortese-Knox Act lets bondholders and other creditors ignore the special reorganization in order to enforce their rights if their bonds go into default.

#### General Obligation Bonds

General obligation bonds are secured by ad valorem taxes levied against specific parcels of real property. The bonds may be secured by taxes on all real property within City limits, or in a more limited area, but the salient feature is the fact that the affected parcels are identifiable. This liability should not be apportioned geographically between the City of Los Angeles and the new Harbor City. Instead, the parcels which are currently encumbered by the ad valorem tax lien should remain so encumbered until the general obligation bonds are paid in full. This course of action results in no impairment of bondholders' contracts.

The requirement to repay the general obligation debt of the City will likely remain with the property, regardless of whether the property becomes part of new Harbor City. Therefore, in the event of a special reorganization, it is assumed that the property owners of the Harbor area would continue to be liable for repayment of the bonds. It is further assumed that the City would continue to determine the general obligation tax levy on property owners and provide for payment of debt service to bondholders. Under this scenario, payment of the general obligation tax would be made to the City (through the Los Angeles County Tax Collector) by all properties currently subject to the tax, and no budget appropriation would be required by a Harbor City.

#### Assessment Bonds and Special Tax Bonds

Assessment bonds and special tax bonds are secured by assessments and Mello-Roos special taxes, respectively, levied against specified real property within an assessment district or community facilities district. As with general obligation bonds, such liabilities should not be apportioned geographically, but instead it is assumed that the parcels that are currently encumbered would remain encumbered until the bonds are paid in full. This course of action results in no impairment.

#### Enterprise Revenue Bonds

Enterprise revenue bonds are special, limited obligations secured by a pledge of revenues generated by one of the proprietary departments of the City of Los Angeles.

Any significant transfer of an enterprise's revenue-producing assets will raise impairment issues, especially if the relevant bond documents include covenants prohibiting the sale, lease or transfer of any part of the enterprise. Since LAFCO has extensive flexibility in establishing the conditions for approval of the special reorganization, it will be more difficult to justify impairments as being reasonable and necessary. Therefore, it is assumed for the purposes of this analysis that the proprietary departments and their related bond obligations would remain with the City of Los Angeles, which would provide service to the Harbor City through contractual arrangements.

#### Certificates of Participation and Lease Revenue Bonds

Certificates of participation (COPs) and lease revenue bonds are unsecured obligations of the general fund of the City of Los Angeles, payable under financing leases that encumber real or personal property with annual lease payments equal to the debt service requirements of the related securities.

In order to comply with State Constitutional debt limit provisions (Art. XVI, Section 18), the apportionment of obligations represented by COPs generally should be based on where the leased property is located. This should not raise impairment problems so long as the market value and credit ratings of the COPs are not adversely affected by such apportionment.

For the City's lease obligation bonds, the liability for repayment is not tied to property owners, but is paid from the City's General Fund. In the event of a special reorganization, the City would lose General Fund revenue, and the City's ability to repay the lease obligations would be diminished. To ensure that the rights of bondholders are not negatively impacted as a result of a special reorganization, a form of payment from the Harbor City for the City's lease obligations would likely be



required. It is assumed the proposed Harbor City would make payment for a portion of the City's outstanding lease obligations according to the proportion of assets financed that would transfer to the Harbor City upon a special reorganization.

Unfortunately, the City does not retain comprehensive records that identify the location of assets financed with lease obligation bonds or certificates of participation. Therefore, for projects and equipment where the location is not obvious, assumptions must be relied on to estimate the apportionment of liability between the City of Los Angeles and the Harbor City. For all equipment and real property where the City did not provide the location of the asset, it is assumed that the assets are distributed proportional to the number of employees transferred to the Harbor City. The table below lists the outstanding lease obligation issues, the projects financed, and the assumed debt service apportionment to the Harbor City.

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**ALLOCATION OF CITY OF LOS ANGELES  
LEASE OBLIGATION BONDS AND CERTIFICATES OF PARTICIPATION DEBT SERVICE**

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| <u>Series</u>                                    | <u>Project</u>             | <u>%<br/>Harbor<br/>Area<br/>Allocation</u> | <u>Allocation<br/>Method</u> |
|--------------------------------------------------|----------------------------|---------------------------------------------|------------------------------|
| LA Convention and Exhibition, 1990 Series        | Convention Center          | 0%                                          | Project location             |
| LA Convention and Exhibition, Ref. 1993 Series A | Convention Center          | 0%                                          | Project location             |
| LA Convention and Exhibition, 1998 Series A      | Staples Arena              | 0%                                          | Project location             |
| MICLA Special Tax Refunding Series 1998-C        | Police ECCCS               | 0%                                          | Retained by City             |
| MICLA Special Tax Series 1999-D                  | Police ECCCS               | 0%                                          | Retained by City             |
| MICLA Special Tax Series Refunding 1999-E        | Police ECCCS               | 0%                                          | Retained by City             |
| MICLA (Pershing Square)                          | Pershing Square Park       | 0%                                          | Project location             |
| MICLA 1993 Series A                              | Central Library            | 0%                                          | Project location             |
| MICLA 1993 Refunding Series B                    | Central Library            | 0%                                          | Project location             |
| MICLA Program S                                  | Equipment/Real Property    | 3.97%                                       | Employees                    |
| MICLA Program T                                  | Piper Technical Center     | 0%                                          | Project location             |
| MICLA Program U                                  | Equipment                  | 3.97%                                       | Employees                    |
| MICLA Program X                                  | Equipment/Real Property    | 3.97%                                       | Employees                    |
| MICLA Program W                                  | Equipment                  | 3.97%                                       | Employees                    |
| MICLA Program H Additional                       | West LA parking facility   | 0%                                          | Project location             |
| MICLA Program T Additional                       | Real Property              | 3.97%                                       | Employees                    |
| MICLA Program AA                                 | Equipment                  | 3.97%                                       | Employees                    |
| MICLA Program AC                                 | Equipment/Real Property    | 3.97%                                       | Employees                    |
| MICLA Program H                                  | Real Property              | 3.97%                                       | Employees                    |
| MICLA Program H Refunding                        | Real Property              | 3.97%                                       | Employees                    |
| MICLA Program K Refunding                        | Real Property/Furnishings  | 3.97%                                       | Employees                    |
| MICLA Program Q Refunding                        | GS Radio Comm. Sys.        | 3.97%                                       | Employees                    |
| MICLA Program AE                                 | Equipment/Real Property    | 3.97%                                       | Employees                    |
| MICLA Program AK                                 | Hollywood/Highland Theater | 0%                                          | Project location             |
| MICLA Program AL                                 | Equipment/Capital Imp.     | 3.97%                                       | Employees                    |
| MICLA Program AM                                 | Equipment                  | 3.97%                                       | Employees                    |

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## 4. Fiscal Impact on City of Los Angeles

### Assessment of Revenue Neutrality

Based on the applicant's vision statement, and the assumptions used in this analysis that set forth the process of apportioning municipal services and assets, it is estimated that the fiscal impact of the proposed special reorganization on the City of Los Angeles would not be revenue neutral. The current expenditures that would accrue to the Harbor City would exceed the current revenues that would accrue to the Harbor City by \$31.6 million. That is, the City would shed more expenditures than the amount of revenue lost to the new city.

A detailed analysis of the amount of revenue that would be generated by the residents and businesses in the Harbor area and accrue to a Harbor City (transferred from the City) is discussed in section "Transfer of Service, Costs, Revenues, and Assets – Transfer of Revenue." Based on this analysis, it is estimated that 3.48% of the City's General Fund revenue and 3.05% of all budgeted revenue would transfer to the Harbor City upon incorporation. However, not all City revenues generated in the Harbor area are assumed to accrue to the Harbor City upon a special reorganization. Two significant General Fund revenue sources are annual transfers from the City's power revenue fund and water revenue fund. For fiscal year 2000-01, the City budgeted \$138.2 million of revenue from these funds.

Because it has been assumed in this analysis (see "Transfer of Service, Costs, Revenues, and Assets – Water and Power") that the Harbor City would not likely obtain an equity share of the Department of Water and Power, the Harbor City would not benefit from the allowable revenue fund transfers for General Fund purposes. Revenues attributable to the wastewater system and the City's proprietary departments (excluding the Harbor Department) are also not assumed to accrue to the Harbor City.

In comparison to the 3.05% of budgeted City revenue that would transfer to the Harbor City, it is estimated that the Harbor City would assume responsibility for 3.6% of the City's budgeted expenditures for services, either through the direct provision of service or by contracting for the service from the City.<sup>71</sup> In dollars, it is projected that, based on the fiscal year 2000-01 budget, the Harbor City would retain \$123.5 million in revenue that would otherwise be paid to the City of Los Angeles, and would assume responsibility for service expenditures of \$155.1 million.

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<sup>71</sup> The fiscal year 2000-01 City budget provides for \$199.4 million in funding from available cash balances. The cash balances are not included in the estimation of the current revenue that would accrue to the Harbor City, and therefore the percentage of revenue accrued to the Harbor City is higher than the percentage of current expenditures for services that would be assumed.



## 5. Financial Viability of New City

To assess the financial viability of a proposed Harbor City, projected expenditures for the new city have been estimated based on services expected to be assumed by the new city, service assumed to be contracted from the City, and additional start-up costs that may be incurred by the Harbor City, and compared to the amount of municipal revenues that would accrue to the Harbor City. Based on this projection of expenditure and revenues, it is estimated that a Harbor City would not achieve positive fund balances for the first three years of incorporation and maintain a reasonable level of reserves.

### Services Transferred to the Harbor City

The projected expenditures for the Harbor City are based on the amount budgeted by the City of Los Angeles in fiscal year 2000-01 for the services transferred. The specific services that would be provided by the Harbor City (as well as the rationale used to identify those services) have been described in the department-by-department analysis in this report (see "Transfer of Service, Costs, Revenues, and Assets"). Proportional estimates of salary, equipment, and other expenses have been developed from the City's budget and applied to the number of personnel estimated to be needed by the Harbor City to provide the existing level of municipal services. The estimated proportion of City personnel, by department, that would transfer to the proposed Harbor City is provided in Appendix II, Table E-2. Expenditures for the Harbor City also include costs of contractual services for those services currently being contracted by the City, as well as costs for contracting service from the City of Los Angeles. Other estimated expenditures include those for "non-departmental" costs, such as capital appropriations, human resource benefits, pension costs, and the Harbor City's payment to the City for its proportional share of debt service. Expenditures for the Harbor City are presented unadjusted for inflation, or any other growth factor, for fiscal year 2002-03 through fiscal year 2005-06.

Based on the comprehensive review and analysis of City of Los Angeles services provided in section "Transfer of Service, Costs, Revenues, and Assets," it has been estimated that, using the fiscal year 2000-01 budget, the City expends \$155.1 million of its \$4,308.7 million budget on services that would be assumed by Harbor City, or reimbursed to the City for contractual services, in the event of a special reorganization.

Although the applicant has proposed to take responsibility for all services provided by the City of Los Angeles in the Harbor area, it may not be possible to divide services that rely on the use of large-scale infrastructure or equipment, within the study period of this report. These City services, such as utility service, radio systems, and certain computer networks utilize large-scale systems that have been designed for a specific usage, and cannot be divided without undertaking a time-intensive process to redesign and construct two separate systems. Because certain functions, although directly serving the residents of the Harbor area, could not be expected to transfer from the City with a reasonable level of certainty or within a reasonable amount of time, an attempt has been made, as part of this initial fiscal analysis, to identify only those services that could reasonably be expected to transfer to a newly incorporated Harbor City, so that the fiscal impact is based on a realistic end state.

### Required Contractual Services

A distinction has been made between services currently provided by the City, for the benefit of the Harbor, and those services that could actually be assumed by a Harbor City upon a special reorganization. For many services performed by the City, it may be prohibitively costly or would require the consent of the state or federal government to transfer control of the service to the Harbor City.

Many City services require the use of large-scale communications or information technology systems, which cannot be divided. In order to provide the Harbor City with such a system, or with the functionality provided by the system, two separate systems would need to be designed, constructed, and financed. In fact, a more cost-effective approach to providing the Harbor City with the functionality of a given system may require the Harbor City to independently design and construct its new technology systems based on its unique needs. An additional difficulty in operating many



technology-intensive systems is the dearth of available personnel qualified to administer the systems. The Harbor City would likely need to contract with the City until it could develop its own strategic plan for the development and implementation of separate communications and information technology systems.

The table below summarizes those services assumed contracted from the City of Los Angeles in the event of a special reorganization.

| <b>HARBOR CITY CONTRACTUAL SERVICE<br/>FROM CITY OF LOS ANGELES</b> |                                                                                                                                  |                                                                                 |
|---------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| <b><u>Service</u></b>                                               | <b><u>Reason for City Retention</u></b>                                                                                          | <b><u>Payment to<br/>City of Los<br/>Angeles,<br/>FY 2000-01<br/>Budget</u></b> |
| Controller                                                          | Support of FMIS                                                                                                                  | \$ 120,633                                                                      |
| Environmental Affairs                                               | LEA function                                                                                                                     | 109,313                                                                         |
| Fire                                                                | Emergency response                                                                                                               | 945,545                                                                         |
| Information Technology                                              | Support of IT environment<br>Emergency response, radio communications,<br>laboratory services, fleet maintenance, air<br>support | 3,216,705                                                                       |
| Police                                                              |                                                                                                                                  | 3,490,172                                                                       |
| Transportation                                                      | ATSAC                                                                                                                            | 188,262                                                                         |
| Library                                                             | IT environment                                                                                                                   | 199,129                                                                         |
| Total                                                               |                                                                                                                                  | <u>\$ 8,269,759</u>                                                             |

Additional detail on the computation of contractual service from the City of Los Angeles is provided on Table E-8 in Appendix II.

### **Additional Harbor City Costs**

In addition to the costs of providing municipal services in the Harbor area, the proposed Harbor City would likely expend additional funds to transition service from the City. As further discussed in section "Harbor City Start-Up Costs – Information Technology Systems," a minimum level of \$2.4 million has been assumed for Harbor City start-up costs, resulting from activities including the segregation of the City's FMIS accounting system to allow the Harbor City to independently manage its services. It must be emphasized that this amount is a minimum amount, and other unavoidable start-up costs could result. The estimated minimum is based on several assumptions used in this report, and to the extent any assumptions prove unfeasible, or the Harbor applicant proposes other alternatives, start-up costs for the proposed Harbor City may be greater. An upper-bound estimate for IT start-up costs alone could be as much as \$15.7 million annually.

One specific problem that could result in additional costs for the Harbor City is the inability for the City's infrastructure to be shared. This initial fiscal analysis has relied upon a general assumption that much of the City's existing infrastructure could be shared without being modified, and the City would support the infrastructure on behalf of the Harbor City, subject to a full reimbursement of direct and indirect costs. Some of the systems that are assumed to be shared include the 911 emergency response system, the City's payroll system, and the ATSAC street light management system. If the City must perform any modifications to the system to support such a service, the costs would be borne on the Harbor City. It is unfortunately extremely difficult to estimate the maximum liability for Harbor



City start-up costs, as this requires a comprehensive review of the existing environment and the development of a plan to meet the business needs of the new Harbor City and remaining City of Los Angeles. It is apparent that any such review and plan would be costly, and could not be completed within the current timetable of the comprehensive fiscal analysis.

The Harbor City may also incur additional costs for its elected officials (including an elected city attorney and controller), which would not likely transfer from the City, and may require additional staffing or consulting and legal services during its transition period. For the purposes of this report, it is estimated that \$1.7 million will be expended annually by the Harbor City for its new positions.

### **Additional Harbor City Revenue**

Revenue from the State Motor Vehicle License Fee and Gas Tax would be available to the proposed Harbor City upon the effective date of the incorporation, which is assumed to be November 5, 2002, for the purposes of this analysis. These revenues are allocated to cities in the state according to population. However, in estimating the population of a newly incorporated city, the State Controller must use the greater of the population computed by the Department of Finance, or three times the number of registered voters in new city.<sup>72</sup> As of July 1999, the Harbor area had 53,878 registered voters. This results in a population estimate of 161,634 for purposes of allocating the state vehicle license fee revenue and state gas taxes, which is virtually equal to the 155,106 City Planning Department estimate of Harbor area population for 1998.

As shown in the table below, using these population estimates and the City's fiscal year 2000-01 budget estimate of the statewide vehicle license fee allocation to cities, it is estimated that the Harbor City would receive \$8.29 million in vehicle license fee revenue. When added to the estimated share that would be allocated to the City after the proposed special reorganization, the total revenue for the region would increase by \$260,000 annually.

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<sup>72</sup> Section 11005.3(b).



**ADJUSTED STATE MOTOR VEHICLE LICENSE FEE  
ALLOCATION  
(Dollars in Millions)**

|                                     | <b>2000-01<br/>City<br/>Budget</b> | <b>2000-01<br/>Adjusted for<br/>Harbor<br/>Allocation</b> |
|-------------------------------------|------------------------------------|-----------------------------------------------------------|
| Cities' Share *                     | \$ 1,418.67                        | \$ 1,418.67                                               |
| City of Los Angeles population      | 3,781,545                          | 3,625,745                                                 |
| Harbor City estimated population ** | -                                  | 161,634                                                   |
| All other cities                    | 23,869,745                         | 23,869,745                                                |
| Total cities population ***         | 27,651,290                         | 27,657,124                                                |
| City of Los Angeles share (%)       | 13.7%                              | 13.1%                                                     |
| Harbor City share (%)               | 0.0%                               | 0.6%                                                      |
| City of Los Angeles share (\$)      | \$ 194.01                          | \$ 185.98                                                 |
| Harbor City share (\$)              | \$ -                               | \$ 8.29                                                   |
| Total Los Angeles/Harbor share (\$) | \$ 194.01                          | \$ 194.27                                                 |

\* Source: "CAO Estimate" from City of Los Angeles, Revenue Outlook, Supplement to the 2000-01 Proposed Budget, April 2000, p. 31

\*\* For purposes of computing VLF allocation. Based on number of registered voters as of July 1999.

\*\*\* Source: California State Controller, "State of California Shared Revenue Estimates, Fiscal Year 2000-2001."

Similar to the allocation of vehicle license fee revenue, state gas taxes apportioned to cities under Sections 2105, 2106, and 2107 of the Streets and Highways Code would be allocated to the Harbor area based on population as estimated by the number of registered voters. This allocation method would result in an estimated additional \$61,000 in annual gas tax revenue that would accrue entirely to the Harbor City.

## Financial Assessment of New City

Under the assumptions described in this report, it is estimated that the proposed Harbor City would not generate revenues in excess of its expenditures during the first full three years of incorporation, and would incur annual deficits of \$35.4 million. Unless expenditures for municipal services made in the Harbor area are reduced or substantial increases in municipal revenues are experienced, it does not appear that a proposed Harbor City would have sufficient resources to provide for a reasonable reserve.

The primary factor causing the estimated gap between expenditures and revenues appears to be that the Harbor area generates a proportionally low amount of revenues in comparison to its population. For many of the larger revenues paid into the City's General Fund, the share attributable to the Harbor area falls substantially short of the proportion of residents. The County of Los Angeles has estimated that the Harbor area produced 3.67% of the property tax and 2.57% of the sales tax paid to the City, while its population represented 4.12%. In fact, except for utility user taxes, the Harbor area is not estimated to generate revenues in the same proportion to its population for any existing City General Fund revenue source. The Harbor area is characterized by a lack of large retailers and a disproportionately large manufacturing sector, which is not conducive to the generation of a high level of municipal revenues.



The Harbor City would also not likely receive any additional state funding by incorporating. State vehicle license fee and gas tax revenue are allocated to newly incorporated cities based on the number of registered voters in the new city. In the case of the proposed incorporation in the San Fernando Valley, an allocation of state revenue using registered voters is estimated to result in \$13.4 million more in state revenue than the City currently receives. The Harbor area would not appear to benefit significantly from such a reallocation of state funds.

The Harbor area is nevertheless well served in many municipal services, with an estimated 8.5% of the City's Fire Department personnel and 9.6% of the City's Recreation and Parks personnel located in the Harbor area. Adjusting for those municipal services provided solely for the benefit for the Port, the area's allocation of City personnel remains disproportionate to its population.

In addition to an estimated gap between current expenditures and revenues, the Harbor City could also incur additional start-up costs that are not currently expended by the City. It has been estimated in this report that, at a minimum, start-up costs of \$2.4 million annually could be experienced by a new Harbor City. If certain assumptions regarding the ability to share the City's existing infrastructure prove to be infeasible, Harbor start-up costs could be as high as \$15.7 million annually for the transition of the City's IT environment alone. The Harbor City would also experience additional costs for newly created positions, such as paid city council members, and would likely require the hiring of short-term administrative, financial, legal, and technical support during its transition period. It has been estimated in this report that the cost for additional staffing would be \$1.7 million annually, and an additional \$1 million would be expended for support during the new city's transition period. The estimated number of newly created positions required by the Harbor City does not include department managers. It has been assumed in this report that all department managers for the proposed Harbor City would come from the pool of City staff transferred. To the extent the Harbor City is required to hire managers from outside the pool of current City employees, or is not able to offset the cost of any additional managers through other cost reductions, the Harbor City would incur additive costs. The Harbor City may also experience additional leasing cost for office space in the Harbor area, given that many of the City positions currently located in the Civic Center would be transferred to the Harbor City and may need to be located in the Harbor area. If the transfer in staff from the Civic Center does not result in a concomitant transfer of lease costs from the City, the Harbor City would incur additive lease costs. It has been assumed for the purposes of this report that no additive lease costs would be experienced.

For comparison purposes, the following table shows the projected Harbor City budget, unadjusted for inflation or potential growth in revenue, for fiscal year 2002-03 through 2005-06. The projections in the table assume the effective date of the Harbor City incorporation would be November 5, 2002, with a full transition of service beginning July 1, 2003. During the "transition year" it is assumed the Harbor City will incur costs of \$1.4 for payments to the City for the costs of transitioning certain components of the IT environment, \$.7 million for its elected officials, and \$1 million for staffing and consulting costs associated with its transition team.<sup>73</sup>

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<sup>73</sup> For planning purposes, the cash flow projections do not project inflation or future changes in annual revenue. To the extent growth in future expenditures exceeds the growth in future revenues, the level of projected reserves would change.



**HARBOR CITY PROJECTED BUDGET  
FISCAL YEAR 2002-03 THROUGH 2005-06  
(Unadjusted for Inflation)**

|                                        | <u>2002-03</u>     | <u>2003-04</u>      | <u>2004-05</u>      | <u>2005-06</u>       |
|----------------------------------------|--------------------|---------------------|---------------------|----------------------|
| <b>Revenue:</b>                        |                    |                     |                     |                      |
| General Fund                           | 151,667            | 102,212,519         | 102,212,519         | 102,212,519          |
| Special Purpose Fund                   | 35,583             | 21,566,318          | 21,566,318          | 21,566,318           |
| Mitigation Payment                     | -                  | -                   | -                   | -                    |
| <b>Total Revenue</b>                   | <b>187,250</b>     | <b>123,778,838</b>  | <b>123,778,838</b>  | <b>123,778,838</b>   |
| <b>Expenditures:</b>                   |                    |                     |                     |                      |
| Direct Municipal Services              | 1,000,000          | 146,817,665         | 146,817,665         | 146,817,665          |
| City of Los Angeles Contracted Service | -                  | 8,269,759           | 8,269,759           | 8,269,759            |
| IT Transition Costs                    | 1,400,000          | 2,400,000           | 2,400,000           | 2,400,000            |
| Additional Personnel                   | 679,890            | 1,724,912           | 1,724,912           | 1,724,912            |
| <b>Total Direct Expenditures</b>       | <b>3,079,890</b>   | <b>159,212,336</b>  | <b>159,212,336</b>  | <b>159,212,336</b>   |
| <b>Available Balance</b>               | <b>(2,892,640)</b> | <b>(38,326,139)</b> | <b>(73,759,638)</b> | <b>(109,193,137)</b> |

For the purposes of the initial fiscal analysis, no assumptions have been made regarding future staffing levels, revenue growth rates, inflation, or potential future state and federal mandates. It is expected that upon the completion of the applicant's final proposal, assumptions regarding future conditions will be incorporated into the final comprehensive analysis to provide alternatives for LAFCO. Furthermore, the projected expenditures of the Harbor City are not adjusted to reflect reductions in annual debt service requirements on currently outstanding City lease and judgment obligation bonds. Although several series of bonds are expected to mature over the next five years, which would reduce the amount of expenditures transferred to the Harbor City, the City of Los Angeles may issue additional debt prior to the incorporation of the proposed Harbor City that may increase the proportional share of liability.

Although the cash flow projections for a proposed Harbor City show substantial deficits over its first full three years of incorporation, this does not necessarily mean a proposed Harbor City would be financially unviable. The Harbor City could implement revenue enhancements, cost savings initiatives (e.g. contracting service with a lower cost provider), or service reductions that could work to close the gap between projected revenue and expenditures. It is estimated that, as one alternative to eliminate the projected budget deficits, a newly incorporated Harbor City would need to reduce the current level of staffing assigned to the area by an estimated 325 positions, or 24% of the number of City personnel that currently provide services to the Harbor area.



# APPENDIX I: TRANSFERRED MUNICIPAL FACILITIES

| Facility Name  | Location       | Year Transferred | Current Status |
|----------------|----------------|------------------|----------------|
| City Hall      | 1000 Main St.  | 1995             | Operational    |
| Police Station | 2000 Main St.  | 1995             | Operational    |
| Fire Station   | 3000 Main St.  | 1995             | Operational    |
| Public Library | 4000 Main St.  | 1995             | Operational    |
| City Office    | 5000 Main St.  | 1995             | Operational    |
| City Office    | 6000 Main St.  | 1995             | Operational    |
| City Office    | 7000 Main St.  | 1995             | Operational    |
| City Office    | 8000 Main St.  | 1995             | Operational    |
| City Office    | 9000 Main St.  | 1995             | Operational    |
| City Office    | 10000 Main St. | 1995             | Operational    |
| City Office    | 11000 Main St. | 1995             | Operational    |
| City Office    | 12000 Main St. | 1995             | Operational    |
| City Office    | 13000 Main St. | 1995             | Operational    |
| City Office    | 14000 Main St. | 1995             | Operational    |
| City Office    | 15000 Main St. | 1995             | Operational    |
| City Office    | 16000 Main St. | 1995             | Operational    |
| City Office    | 17000 Main St. | 1995             | Operational    |
| City Office    | 18000 Main St. | 1995             | Operational    |
| City Office    | 19000 Main St. | 1995             | Operational    |
| City Office    | 20000 Main St. | 1995             | Operational    |
| City Office    | 21000 Main St. | 1995             | Operational    |
| City Office    | 22000 Main St. | 1995             | Operational    |
| City Office    | 23000 Main St. | 1995             | Operational    |
| City Office    | 24000 Main St. | 1995             | Operational    |
| City Office    | 25000 Main St. | 1995             | Operational    |
| City Office    | 26000 Main St. | 1995             | Operational    |
| City Office    | 27000 Main St. | 1995             | Operational    |
| City Office    | 28000 Main St. | 1995             | Operational    |
| City Office    | 29000 Main St. | 1995             | Operational    |
| City Office    | 30000 Main St. | 1995             | Operational    |
| City Office    | 31000 Main St. | 1995             | Operational    |
| City Office    | 32000 Main St. | 1995             | Operational    |
| City Office    | 33000 Main St. | 1995             | Operational    |
| City Office    | 34000 Main St. | 1995             | Operational    |
| City Office    | 35000 Main St. | 1995             | Operational    |
| City Office    | 36000 Main St. | 1995             | Operational    |
| City Office    | 37000 Main St. | 1995             | Operational    |
| City Office    | 38000 Main St. | 1995             | Operational    |
| City Office    | 39000 Main St. | 1995             | Operational    |
| City Office    | 40000 Main St. | 1995             | Operational    |
| City Office    | 41000 Main St. | 1995             | Operational    |
| City Office    | 42000 Main St. | 1995             | Operational    |
| City Office    | 43000 Main St. | 1995             | Operational    |
| City Office    | 44000 Main St. | 1995             | Operational    |
| City Office    | 45000 Main St. | 1995             | Operational    |
| City Office    | 46000 Main St. | 1995             | Operational    |
| City Office    | 47000 Main St. | 1995             | Operational    |
| City Office    | 48000 Main St. | 1995             | Operational    |
| City Office    | 49000 Main St. | 1995             | Operational    |
| City Office    | 50000 Main St. | 1995             | Operational    |

## Appendix I: Transferred Municipal Facilities



**TABLE F-1**  
**CITY-OWNED MUNICIPAL FACILITIES**  
**ASSUMED TRANSFERRED TO HARBOR CITY**

| <u>Description</u>                        | <u>Address</u>              | <u>Zip</u> | <u>Sq. Footage</u> |
|-------------------------------------------|-----------------------------|------------|--------------------|
| Harbor Animal Shelter                     | 735 Battery St.             | 90731      | 8,451.76           |
| Warner Grand Theater                      | 478 W. 6th St.              | 90731      | 39,838.66          |
| Croatian Cultural Center                  | 643 S. Pacific Av           | 90731      | 8,614.52           |
| Performing Arts (Fire Station #53)        | 438 N. Mesa St.             | 90731      | 4,907.17           |
| Fire Station #101                         | 1414 W. 25th St.            | 90731      | 6,607.47           |
| Fire Station #112                         | 550 S. Sampson W.y          | 90731      | 13,915.27          |
| Fire Station #38                          | 124 E. I St.                | 90744      | n.a.               |
| Fire Station #48                          | 1601 N. Grand Av            | 90731      | 9,727.41           |
| Fire Station #85                          | 1331 W. 253Rd St.           | 90710      | 5,814.62           |
| Fire Station #49/Fire Boat #4             | 400 Yacht St.               | 90744      | 4,320.00           |
| Wilmington Branch Library                 | 1300 N. Avalon Bl.          | 90744      | 11,614.60          |
| San Pedro Regional Library                | 931 S. Gaffey St.           | 90731      | 7,210.98           |
| Wilmington Service Center                 | 309 W. Opp St.              | 90744      | 4,112.97           |
| Harbor Police Station                     | 2175 John S. Gibson Jr Bl.. | 90731      | 19,600.52          |
| Parking Lot 683                           | 445 5th St.                 | 90731      | n.a.               |
| Parking Lot 684                           | 460 7th St.                 | 90731      | n.a.               |
| Off Street Parking                        | 833 Avalon Bl..             | 90744      | n.a.               |
| Pacific Region Annex                      | 435 N. Neptune Av.          | 90744      | n.a.               |
| Off Street Parking                        | 928 Marine Av.              | 90744      | n.a.               |
| Off Street Parking                        | 474 West 8th Street         | 90731      | n.a.               |
| Off Street Parking                        | 462 West 9th Street         | 90744      | n.a.               |
| Parking Lot 699                           | 529 11th Street             | 90731      | n.a.               |
| San Pedro Municipal Building              | 638 S. Beacon St.           | 90731      | 66,907.92          |
| Harbor Repair Facility/Gaffey Street Yard | 1400 N. Gaffey St.          | 90731      | 4,731.51           |



**TABLE F-2**  
**DEPARTMENT OF RECREATION AND PARKS**  
**PARK-BASED AND SELECT OTHER FACILITIES LOCATED IN THE HARBOR**

| <u>Description</u>                   | <u>Address</u>                   | <u>Zip</u> | <u>Sq. Footage</u> |
|--------------------------------------|----------------------------------|------------|--------------------|
| Alma Park                            | 21st and Meyler                  | 90731      | 98,010             |
| Anderson Sr. Citizen Center          | 828 S. Mesa Street               | 90731      | 66,211             |
| Angels Gate Park                     | 3601 Gaffey St.                  | 90731      | 2,830,964          |
| Bandini Canyon Park                  | O'farrell and Bandini            | 90731      | 174,240            |
| Banning Residence Museum             | 401 E. "M" St.                   | 90744      | -                  |
| Banning Recreation Center            | 1331 Eubank Street               | 90744      | 902,563            |
| Banning Outdoor Pool                 | 1415 N. Avalon Blvd              | 90744      | 32,670             |
| Bogdanovich Recreation Center        | 1920 Cumbre Drive                | 90732      | 591,109            |
| Cabrillo Beach                       | 3720 Steven/White Dr.            | 90731      | 2,352,240          |
| Cabrillo Aquarium                    | 3720 Stephen White Dr.           | 90731      | 98,010             |
| Daniel's Field                       | 845 W. 12th St.                  | 90731      | 156,816            |
| Drum Barracks Civil War Museum       | 1052 Banning Blvd.               | 90744      | 23,522             |
| East Wilmington Vest Pock. Park      | 1300 "O" St.                     | 90744      | 4,356              |
| Gaffey Pool                          | 3351 Gaffey St.                  | 90731      | 54,886             |
| Gibson (John S., Jr.) Park           | Harbor Blvd., between 5th/6th.   | 90731      | 134,165            |
| Harbor City Recreation Center        | 24901 Frampton Ave               | 90710      | 479,160            |
| Harbor Highlands Park                | 825 Capitol Dr.                  | 90731      | 139,392            |
| Harbor View Memorial                 | West 24th Street at Grand Avenue | 90731      | 123,710            |
| Harbor Lake (S)                      | 25820 Vermont Ave.               | 90710      | 10,082,833         |
| Leland Recreation Center             | 863 S. Herbert Ave               | 90731      | 639,896            |
| Lookout Point Park                   | Gaffey St. and 36th St.          | 90731      | 61,855             |
| Los Angeles Maritime Museum          | Berth 84, Foot of 6th St         | 90731      | -                  |
| Peck Park Community Center           | 560 N. Western Ave               | 90732      | 3,307,075          |
| Point Fermin Park                    | 807 Paseo Del Mar                | 90731      | 1,625,224          |
| Rancho San Pedro Recreation Center   | 275 W. 1st Street                | 90731      | 17,860             |
| Rancho San Pedro Housing Development | 275 W. 1st St                    | 90731      | 21,780             |
| Rena Park                            | 510 Leland Ave.                  | 90732      | 55,757             |
| San Pedro Plaza Park                 | 700 S. Beacon St.                | 90731      | 163,786            |
| White Point Park                     | Paseo Del Mar and Western Ave.   | 90731      | 4,454,010          |
| Wilmington Recreation Center         | 325 Neptune Ave                  | 90744      | 301,000            |
| Wilmington Veterans Park             | M St. to Sanford Along Drumm     | 90744      | 217,800            |







## Appendix II: Allocation of FY00-01 Budget



The following tables represent the proportional allocation of each of the City's appropriations in the fiscal year 2000-01 budget, as shown in the "Exhibit A, Summary of Appropriations," for purposes of estimating the amount of current expenditures that would accrue to the proposed Harbor City. Also included is a detailed allocation of the City's "Other Special Purpose Funds Appropriations" and the estimated reimbursement requirement for contractual services from the City.



**TABLE E-1  
HARBOR APPROPRIATIONS BY CLASS (OBJECT)  
FY 2000-01 BUDGET**

| <b>Class</b>             | <b>2000-01<br/>Budget</b> | <b>%<br/>Harbor<br/>Allocation</b> | <b>\$<br/>Harbor<br/>Allocation</b> |
|--------------------------|---------------------------|------------------------------------|-------------------------------------|
| Salaries                 | 1,954,830,285             | 4.01%                              | 78,474,409                          |
| Expense                  | 348,782,555               | 2.54%                              | 8,872,090                           |
| Equipment                | 15,354,660                | 3.69%                              | 566,261                             |
| Special                  | 1,989,770,998             | 2.96%                              | 58,904,905                          |
| Subtotal, Appropriations | \$ 4,308,738,498          |                                    | \$ 146,817,665                      |
| Contractual Service      |                           |                                    | 8,269,759                           |
| Total                    |                           |                                    | \$ 155,087,424                      |



**TABLE E-2  
HARBOR AREA SPECIAL REORGANIZATION  
STAFFING ANALYSIS**

| <u>Description</u>                                | <u>2000-01<br/>Budgeted<br/>Positions</u> | <u>Commission<br/>Positions /<br/>Citizen Board<br/>Members</u> | <u>2000-01<br/>Budgeted<br/>Positions*</u> | <u>Harbor<br/>Allocation</u> | <u>%<br/>Harbor<br/>Allocation</u> |
|---------------------------------------------------|-------------------------------------------|-----------------------------------------------------------------|--------------------------------------------|------------------------------|------------------------------------|
| Administrative and Research Services              | 118                                       | -                                                               | 118                                        | 5                            | 4.24%                              |
| Aging                                             | 48                                        | -                                                               | 48                                         | 2                            | 4.17%                              |
| Animal Services                                   | 247                                       | 5                                                               | 242                                        | 20                           | 8.26%                              |
| Board of Public Works                             | 63                                        | 5                                                               | 58                                         | 1                            | 1.72%                              |
| Building & Safety                                 | 829                                       | 10                                                              | 819                                        | 38                           | 4.64%                              |
| Bureau of Accounting                              | 84                                        | -                                                               | 84                                         | 2                            | 2.38%                              |
| Bureau of Contract Administration                 | 331                                       | -                                                               | 331                                        | 11                           | 3.32%                              |
| Bureau of Engineering                             | 976                                       | -                                                               | 976                                        | 40                           | 4.10%                              |
| Bureau of Management-Employee Services            | 24                                        | -                                                               | 24                                         | 1                            | 4.17%                              |
| Bureau of Sanitation                              | 2,421                                     | -                                                               | 2,421                                      | 38                           | 1.57%                              |
| Bureau of Street Lighting                         | 213                                       | -                                                               | 213                                        | 21                           | 9.86%                              |
| Bureau of Street Services                         | 1,241                                     | -                                                               | 1,241                                      | 21                           | 1.69%                              |
| City Attorney                                     | 826                                       | -                                                               | 826                                        | 27                           | 3.27%                              |
| City Clerk                                        | 126                                       | -                                                               | 126                                        | 6                            | 4.76%                              |
| Commission for Children, Youth & Their Families   | 41                                        | 15                                                              | 26                                         | 1                            | 3.85%                              |
| Commission on the Status of Women                 | 12                                        | 7                                                               | 5                                          | 1                            | 20.00%                             |
| Community Development                             | 274                                       | -                                                               | 274                                        | 11                           | 4.01%                              |
| Controller                                        | 171                                       | -                                                               | 171                                        | 5                            | 2.92%                              |
| Council                                           | 108                                       | 15                                                              | 93                                         | 4                            | 4.30%                              |
| Cultural Affairs                                  | 91                                        | 12                                                              | 79                                         | 6                            | 7.59%                              |
| Department on Disability                          | 26                                        | 9                                                               | 17                                         | 1                            | 5.88%                              |
| Emergency Preparedness Department                 | 11                                        | -                                                               | 11                                         | 1                            | 9.09%                              |
| Employee Relations Board                          | 8                                         | 5                                                               | 3                                          | 1                            | 33.33%                             |
| Environmental Affairs                             | 42                                        | 5                                                               | 37                                         | 2                            | 5.41%                              |
| Ethics Commission                                 | 27                                        | 5                                                               | 22                                         | 1                            | 4.55%                              |
| Finance                                           | 344                                       | -                                                               | 344                                        | 14                           | 4.07%                              |
| Fire                                              | 3,496                                     | 10                                                              | 3,486                                      | 296                          | 8.49%                              |
| General Services                                  | 1,673                                     | -                                                               | 1,673                                      | 57                           | 3.41%                              |
| Human Relations Commission                        | 26                                        | 11                                                              | 15                                         | 1                            | 6.67%                              |
| Information Technology Agency                     | 745                                       | -                                                               | 745                                        | -                            | 0.00%                              |
| Los Angeles Convention Center                     | 198                                       | -                                                               | 198                                        | -                            | 0.00%                              |
| Los Angeles Housing Department                    | 377                                       | -                                                               | 377                                        | 17                           | 4.51%                              |
| Mayor                                             | 74                                        | -                                                               | 74                                         | -                            | 0.00%                              |
| Neighborhood Empowerment                          | 32                                        | -                                                               | 32                                         | 1                            | 3.13%                              |
| Personnel                                         | 372                                       | 5                                                               | 367                                        | 12                           | 3.27%                              |
| Planning                                          | 306                                       | 49                                                              | 257                                        | 6                            | 2.33%                              |
| Police                                            | 13,650                                    | 5                                                               | 13,645                                     | 447                          | 3.28%                              |
| Transportation                                    | 1,472                                     | 12                                                              | 1,460                                      | 38                           | 2.60%                              |
| Treasurer                                         | -                                         | -                                                               | -                                          | -                            | 0.00%                              |
| Zoo                                               | 231                                       | -                                                               | 231                                        | -                            | 0.00%                              |
| <b>Total Budgetary Departments</b>                | <b>31,354</b>                             |                                                                 | <b>31,169</b>                              | <b>1,156</b>                 |                                    |
| Appropriations to El Pueblo de Los Angeles        | 59                                        | -                                                               | 59                                         | -                            | 0.00%                              |
| Appropriations to Library Fund                    | 1,102                                     | 5                                                               | 1,097                                      | 31                           | 2.83%                              |
| Appropriations to Recreation and Parks Fund       | 1,884                                     | 5                                                               | 1,879                                      | 180                          | 9.58%                              |
| Appropriations to City Employees' Retirement Fund | 138                                       | 7                                                               | 131                                        | -                            | 0.00%                              |
| Appropriations to Fire & Police Pension Fund      | 70                                        | 9                                                               | 61                                         | -                            | 0.00%                              |
| <b>Total Other Departments</b>                    | <b>3,253</b>                              |                                                                 | <b>3,227</b>                               | <b>211</b>                   |                                    |
| <b>Total Departmental</b>                         | <b>34,607</b>                             |                                                                 | <b>34,396</b>                              | <b>1,367</b>                 | <b>3.97%</b>                       |

\* Regular positions only; excludes commissioners and citizen board members.



**TABLE E-3**  
**HARBOR ALLOCATION OF SALARY CLASS APPROPRIATIONS**  
**FY 2000-01 BUDGET**

| <b>Description</b>                              | <b>2000-01<br/>Budget</b> | <b>%<br/>Harbor<br/>Allocation</b> | <b>\$<br/>Harbor<br/>Allocation</b> |
|-------------------------------------------------|---------------------------|------------------------------------|-------------------------------------|
| Administrative and Research Services            | 9,039,889                 | 4.24%                              | 383,046                             |
| Aging                                           | 2,698,072                 | 4.17%                              | 112,420                             |
| Animal Services                                 | 10,866,184                | 8.26%                              | 898,032                             |
| Board of Public Works                           | 3,745,133                 | 1.72%                              | 64,571                              |
| Building & Safety                               | 50,388,645                | 4.64%                              | 2,337,935                           |
| Bureau of Accounting                            | 3,956,809                 | 2.38%                              | 94,210                              |
| Bureau of Contract Administration               | 22,118,303                | 3.32%                              | 735,049                             |
| Bureau of Engineering                           | 64,215,249                | 4.10%                              | 2,631,773                           |
| Bureau of Management-Employee Services          | 1,492,418                 | 4.17%                              | 62,184                              |
| Bureau of Sanitation                            | 133,937,170               | 1.57%                              | 2,102,277                           |
| Bureau of Street Lighting                       | 11,562,072                | 9.86%                              | 1,139,923                           |
| Bureau of Street Services                       | 68,092,628                | 1.69%                              | 1,152,252                           |
| City Attorney                                   | 63,850,621                | 3.27%                              | 2,087,127                           |
| City Clerk                                      | 10,745,792                | 4.76%                              | 511,704                             |
| Commission for Children, Youth & Their Families | 1,333,817                 | 3.85%                              | 51,301                              |
| Commission on the Status of Women               | 358,404                   | 20.00%                             | 71,681                              |
| Community Development                           | 16,984,089                | 4.01%                              | 681,843                             |
| Controller                                      | 10,070,408                | 2.92%                              | 294,456                             |
| Council                                         | 16,705,773                | 4.30%                              | 718,528                             |
| Cultural Affairs                                | 4,370,402                 | 7.59%                              | 331,929                             |
| Department on Disability                        | 981,135                   | 5.88%                              | 57,714                              |
| Emergency Preparedness Department               | 1,009,894                 | 9.09%                              | 91,809                              |
| Employee Relations Board                        | 269,095                   | 33.33%                             | 89,698                              |
| Environmental Affairs                           | 2,471,178                 | 5.41%                              | 133,577                             |
| Ethics Commission                               | 1,351,636                 | 4.55%                              | 61,438                              |
| Finance                                         | 17,355,954                | 4.07%                              | 706,347                             |
| Fire                                            | 327,699,868               | 8.49%                              | 27,825,347                          |
| General Services                                | 84,391,569                | 3.41%                              | 2,875,266                           |
| Human Relations Commission                      | 809,110                   | 6.67%                              | 53,941                              |
| Information Technology Agency                   | 47,353,979                | 0.00%                              | -                                   |
| Los Angeles Convention Center                   | 13,214,099                | 0.00%                              | -                                   |
| Los Angeles Housing Department                  | 20,723,330                | 4.51%                              | 934,474                             |
| Mayor                                           | 6,513,197                 | 0.00%                              | -                                   |
| Neighborhood Empowerment                        | 1,257,379                 | 3.13%                              | 39,293                              |
| Personnel                                       | 22,634,595                | 3.27%                              | 740,096                             |
| Planning                                        | 16,810,232                | 2.33%                              | 392,457                             |
| Police                                          | 790,388,431               | 3.28%                              | 25,892,534                          |
| Transportation                                  | 81,382,654                | 2.60%                              | 2,118,179                           |
| Treasurer                                       | -                         | 0.00%                              | -                                   |
| Zoo                                             | 11,681,072                | 0.00%                              | -                                   |
| <b>Total Budgetary Departments</b>              | <b>\$ 1,954,830,285</b>   |                                    | <b>\$ 78,474,409</b>                |



**TABLE E-4**  
**HARBOR ALLOCATION OF EXPENSE CLASS APPROPRIATIONS**  
**FY 2000-01 BUDGET**

| <u>Description</u>                              | <u>2000-01</u><br><u>Budget</u> | <u>%</u><br><u>Harbor</u><br><u>Allocation</u> | <u>\$</u><br><u>Harbor</u><br><u>Allocation</u> |
|-------------------------------------------------|---------------------------------|------------------------------------------------|-------------------------------------------------|
| Administrative and Research Services            | 973,047                         | 4.24%                                          | 41,231                                          |
| Aging                                           | 186,359                         | 4.17%                                          | 7,765                                           |
| Animal Services                                 | 1,292,489                       | 8.26%                                          | 106,817                                         |
| Board of Public Works                           | 4,010,442                       | 1.72%                                          | 69,146                                          |
| Building & Safety                               | 3,333,324                       | 4.64%                                          | 154,660                                         |
| Bureau of Accounting                            | 114,140                         | 2.38%                                          | 2,718                                           |
| Bureau of Contract Administration               | 1,159,224                       | 3.32%                                          | 38,524                                          |
| Bureau of Engineering                           | 4,513,997                       | 4.10%                                          | 185,000                                         |
| Bureau of Management-Employee Services          | 90,797                          | 4.17%                                          | 3,783                                           |
| Bureau of Sanitation                            | 46,294,812                      | 1.57%                                          | 726,643                                         |
| Bureau of Street Lighting                       | 727,602                         | 9.86%                                          | 71,735                                          |
| Bureau of Street Services                       | 62,654,669                      | 1.69%                                          | 1,060,232                                       |
| City Attorney                                   | 6,009,018                       | 3.27%                                          | 196,421                                         |
| City Clerk                                      | 3,894,225                       | 4.76%                                          | 185,439                                         |
| Commission for Children, Youth & Their Families | 336,883                         | 3.85%                                          | 12,957                                          |
| Commission on the Status of Women               | 92,706                          | 20.00%                                         | 18,541                                          |
| Community Development                           | 1,571,393                       | 4.01%                                          | 63,085                                          |
| Controller                                      | 1,253,052                       | 2.92%                                          | 36,639                                          |
| Council                                         | 1,425,339                       | 4.30%                                          | 61,305                                          |
| Cultural Affairs                                | 1,187,235                       | 7.59%                                          | 90,170                                          |
| Department on Disability                        | 221,805                         | 5.88%                                          | 13,047                                          |
| Emergency Preparedness Department               | 35,018                          | 9.09%                                          | 3,183                                           |
| Employee Relations Board                        | 70,000                          | 33.33%                                         | 23,333                                          |
| Environmental Affairs                           | 264,402                         | 5.41%                                          | 14,292                                          |
| Ethics Commission                               | 364,185                         | 4.55%                                          | 16,554                                          |
| Finance                                         | 1,207,076                       | 4.07%                                          | 49,125                                          |
| Fire                                            | 16,158,356                      | 8.49%                                          | 1,372,023                                       |
| General Services                                | 77,105,626                      | 2.15%                                          | 1,659,247                                       |
| Human Relations Commission                      | 283,570                         | 6.67%                                          | 18,905                                          |
| Information Technology Agency                   | 17,639,907                      | 0.00%                                          | -                                               |
| Los Angeles Convention Center                   | 8,847,914                       | 0.00%                                          | -                                               |
| Los Angeles Housing Department                  | 3,877,446                       | 4.51%                                          | 174,845                                         |
| Mayor                                           | 565,576                         | 0.00%                                          | -                                               |
| Neighborhood Empowerment                        | 386,700                         | 3.13%                                          | 12,084                                          |
| Personnel                                       | 17,672,662                      | 3.27%                                          | 577,853                                         |
| Planning                                        | 1,918,559                       | 2.33%                                          | 44,791                                          |
| Police                                          | 36,076,908                      | 3.28%                                          | 1,181,853                                       |
| Transportation                                  | 22,212,857                      | 2.60%                                          | 578,143                                         |
| Treasurer                                       | -                               | 0.00%                                          | -                                               |
| Zoo                                             | 2,753,235                       | 0.00%                                          | -                                               |
| Total Budgetary Departments                     | \$ 348,782,555                  |                                                | \$ 8,872,090                                    |



**TABLE E-5**  
**HARBOR ALLOCATION OF EQUIPMENT CLASS APPROPRIATIONS**  
**FY 2000-01 BUDGET**

| <u>Description</u>                              | <u>2000-01<br/>Budget</u> | <u>%<br/>Harbor<br/>Allocation</u> | <u>\$<br/>Harbor<br/>Allocation</u> |
|-------------------------------------------------|---------------------------|------------------------------------|-------------------------------------|
| Administrative and Research Services            | 47,331                    | 4.24%                              | 2,006                               |
| Aging                                           | -                         | 4.17%                              | -                                   |
| Animal Services                                 | 117,680                   | 8.26%                              | 9,726                               |
| Board of Public Works                           | 41,900                    | 1.72%                              | 722                                 |
| Building & Safety                               | 232,524                   | 4.64%                              | 10,789                              |
| Bureau of Accounting                            | 41,460                    | 2.38%                              | 987                                 |
| Bureau of Contract Administration               | 136,350                   | 3.32%                              | 4,531                               |
| Bureau of Engineering                           | 342,965                   | 4.10%                              | 14,056                              |
| Bureau of Management-Employee Services          | 21,840                    | 4.17%                              | 910                                 |
| Bureau of Sanitation                            | 18,000                    | 1.57%                              | 283                                 |
| Bureau of Street Lighting                       | 62,530                    | 9.86%                              | 6,165                               |
| Bureau of Street Services                       | 132,465                   | 1.69%                              | 2,242                               |
| City Attorney                                   | 291,509                   | 3.27%                              | 9,529                               |
| City Clerk                                      | 1,730                     | 4.76%                              | 82                                  |
| Commission for Children, Youth & Their Families | 2,500                     | 3.85%                              | 96                                  |
| Commission on the Status of Women               | -                         | 20.00%                             | -                                   |
| Community Development                           | 96,700                    | 4.01%                              | 3,882                               |
| Controller                                      | 87,889                    | 2.92%                              | 2,570                               |
| Council                                         | 175,000                   | 4.30%                              | 7,527                               |
| Cultural Affairs                                | 144,713                   | 7.59%                              | 10,991                              |
| Department on Disability                        | -                         | 5.88%                              | -                                   |
| Emergency Preparedness Department               | -                         | 9.09%                              | -                                   |
| Employee Relations Board                        | -                         | 33.33%                             | -                                   |
| Environmental Affairs                           | 8,650                     | 5.41%                              | 468                                 |
| Ethics Commission                               | 14,971                    | 4.55%                              | 681                                 |
| Finance                                         | 111,726                   | 4.07%                              | 4,547                               |
| Fire                                            | 1,242,240                 | 8.49%                              | 105,480                             |
| General Services                                | 1,297,000                 | 3.41%                              | 44,189                              |
| Human Relations Commission                      | -                         | 6.67%                              | -                                   |
| Information Technology Agency                   | 525,000                   | 0.00%                              | -                                   |
| Los Angeles Convention Center                   | 178,900                   | 0.00%                              | -                                   |
| Los Angeles Housing Department                  | 7,353                     | 4.51%                              | 332                                 |
| Mayor                                           | 28,324                    | 0.00%                              | -                                   |
| Neighborhood Empowerment                        | 97,400                    | 3.13%                              | 3,044                               |
| Personnel                                       | 122,750                   | 3.27%                              | 4,014                               |
| Planning                                        | 142,672                   | 2.33%                              | 3,331                               |
| Police                                          | 9,469,198                 | 3.28%                              | 310,204                             |
| Transportation                                  | 110,660                   | 2.60%                              | 2,880                               |
| Treasurer                                       | -                         | 0.00%                              | -                                   |
| Zoo                                             | 2,730                     | 0.00%                              | -                                   |
| <b>Total Budgetary Departments</b>              | <b>\$ 15,354,660</b>      |                                    | <b>\$ 566,261</b>                   |



**TABLE E-6**  
**HARBOR ALLOCATION OF SPECIAL CLASS APPROPRIATIONS**  
**FY 2000-01 BUDGET**

| <u>Description</u>                                | <u>2000-01<br/>Budget</u> | <u>%<br/>Harbor<br/>Allocation</u> | <u>\$<br/>Harbor<br/>Allocation</u> |
|---------------------------------------------------|---------------------------|------------------------------------|-------------------------------------|
| Administrative and Research Services              | -                         | 0.00%                              | -                                   |
| Aging                                             | -                         | 0.00%                              | -                                   |
| Animal Services                                   | -                         | 0.00%                              | -                                   |
| Board of Public Works                             | 1,075,000                 | 1.72%                              | 18,534                              |
| Building & Safety                                 | -                         | 0.00%                              | -                                   |
| Bureau of Accounting                              | -                         | 0.00%                              | -                                   |
| Bureau of Contract Administration                 | -                         | 0.00%                              | -                                   |
| Bureau of Engineering                             | 30,000                    | 4.10%                              | 1,230                               |
| Bureau of Management-Employee Services            | -                         | 0.00%                              | -                                   |
| Bureau of Sanitation                              | -                         | 0.00%                              | -                                   |
| Bureau of Street Lighting                         | 3,079,318                 | 9.86%                              | 303,595                             |
| Bureau of Street Services                         | -                         | 0.00%                              | -                                   |
| City Attorney                                     | -                         | 0.00%                              | -                                   |
| City Clerk                                        | -                         | 0.00%                              | -                                   |
| Commission for Children, Youth & Their Families   | -                         | 0.00%                              | -                                   |
| Commission on the Status of Women                 | -                         | 0.00%                              | -                                   |
| Community Development                             | -                         | 0.00%                              | -                                   |
| Controller                                        | -                         | 0.00%                              | -                                   |
| Council                                           | -                         | 0.00%                              | -                                   |
| Cultural Affairs                                  | 5,883,267                 | 7.59%                              | 446,830                             |
| Department on Disability                          | 30,000                    | 5.88%                              | 1,765                               |
| Emergency Preparedness Department                 | -                         | 0.00%                              | -                                   |
| Employee Relations Board                          | -                         | 0.00%                              | -                                   |
| Environmental Affairs                             | -                         | 0.00%                              | -                                   |
| Ethics Commission                                 | -                         | 0.00%                              | -                                   |
| Finance                                           | -                         | 0.00%                              | -                                   |
| Fire                                              | -                         | 0.00%                              | -                                   |
| General Services                                  | 4,477,041                 | 3.41%                              | 152,535                             |
| Human Relations Commission                        | -                         | 0.00%                              | -                                   |
| Information Technology Agency                     | 35,046,510                | 0.00%                              | -                                   |
| Los Angeles Convention Center                     | 42,562,762                | 0.00%                              | -                                   |
| Los Angeles Housing Department                    | -                         | 0.00%                              | -                                   |
| Mayor                                             | -                         | 0.00%                              | -                                   |
| Neighborhood Empowerment                          | -                         | 0.00%                              | -                                   |
| Personnel                                         | 1,185,414                 | 3.27%                              | 38,760                              |
| Planning                                          | -                         | 0.00%                              | -                                   |
| Police                                            | -                         | 0.00%                              | -                                   |
| Transportation                                    | -                         | 0.00%                              | -                                   |
| Treasurer                                         | -                         | 0.00%                              | -                                   |
| Zoo                                               | -                         | 0.00%                              | -                                   |
| <b>Total Budgetary Departments</b>                | <b>\$ 93,369,312</b>      |                                    | <b>\$ 963,249</b>                   |
| Appropriations to El Pueblo de Los Angeles        | 3,093,094                 | 0.00%                              | -                                   |
| Appropriations to Library Fund                    | 50,574,878                | 2.83%                              | 1,429,190                           |
| Appropriations to Recreation and Parks Fund       | 94,273,330                | 9.55%                              | 9,006,876                           |
| Appropriations to City Employees' Retirement Fund | 67,523,133                | 3.97%                              | 2,680,668                           |
| Appropriations to Fire & Police Pension Fund      | 500,000                   | 5.88%                              | 29,418                              |
| <b>Total Other Departments</b>                    | <b>215,964,435</b>        |                                    | <b>13,146,152</b>                   |
| <b>Total Departmental</b>                         | <b>\$ 309,333,747</b>     |                                    | <b>\$ 14,109,401</b>                |
| 2000 Tax and Revenue Anticipation Notes           | 141,328,275               | 5.88%                              | 8,315,072                           |
| Bond Redemption and Interest                      | 64,152,969                | 0.00%                              | -                                   |
| Capital Finance Administration Fund               | 90,234,992                | 3.11%                              | 2,802,676                           |
| CIEP - Municipal Facilities                       | 16,087,028                | 1.00%                              | 160,455                             |
| CIEP - Physical Plant                             | 36,612,875                | 1.00%                              | 365,184                             |
| CIEP - Wastewater                                 | 159,407,000               | 0.00%                              | -                                   |
| General City Purposes                             | 79,848,385                | 3.97%                              | 3,169,981                           |
| Human Resources Benefits                          | 260,801,031               | 3.97%                              | 10,353,801                          |
| Judgment Obligation Bonds Debt Service Fund       | 35,462,617                | 3.97%                              | 1,407,866                           |
| Liability Claims                                  | 55,700,000                | 3.97%                              | 2,211,290                           |



**TABLE E-6**  
**HARBOR ALLOCATION OF SPECIAL CLASS APPROPRIATIONS**  
**FY 2000-01 BUDGET**

| <u>Description</u>                             | <u>2000-01<br/>Budget</u> | <u>%<br/>Harbor<br/>Allocation</u> | <u>\$<br/>Harbor<br/>Allocation</u> |
|------------------------------------------------|---------------------------|------------------------------------|-------------------------------------|
| Proposition A Local Transit Assistance Fund    | 77,524,685                | 4.12%                              | 3,194,017                           |
| Prop. C Anti-Gridlock Transit Improvement Fund | 22,983,500                | 4.12%                              | 946,920                             |
| Special Parking Revenue Fund                   | 17,191,429                | 1.23%                              | 210,739                             |
| Unappropriated Balance                         | 73,238,300                | 3.97%                              | 2,907,561                           |
| Wastewater Special Purpose Fund                | 285,852,989               | 0.00%                              | -                                   |
| Water and Electricity                          | 31,121,871                | 3.97%                              | 1,235,538                           |
| Other Special Purpose Funds                    | 232,889,305               | 3.23%                              | 7,514,405                           |
| <b>Total Nondepartmental</b>                   | <b>1,680,437,251</b>      |                                    | <b>44,795,504</b>                   |
| <b>Total, Special Appropriation</b>            | <b>\$ 1,989,770,998</b>   |                                    | <b>\$ 58,904,905</b>                |



**TABLE E-7**  
**HARBOR ALLOCATION OF OTHER SPECIAL PURPOSE FUNDS APPROPRIATIONS**  
**FY 2000-01 BUDGET**

| <u>Fund</u>                                | <u>Description</u>                                      | <u>2000-01<br/>Budget</u> | <u>%<br/>Harbor<br/>Allocation</u> | <u>\$<br/>Harbor<br/>Allocation</u> |
|--------------------------------------------|---------------------------------------------------------|---------------------------|------------------------------------|-------------------------------------|
| General Fund                               | Affordable Housing Trust Fund                           | 2,104,000                 | 3.00%                              | 63,120                              |
| General Fund                               | Animal Spray and Neuter Trust Fund                      | 310,000                   | 4.12%                              | 12,772                              |
| General Fund                               | Animal Sterilization Trust Fund                         | 300,000                   | 4.12%                              | 12,360                              |
| General Fund                               | Arts and Cultural Facilities and Services Fund          | 7,969,000                 | 1.22%                              | 97,279                              |
| General Fund                               | City Ethics Commission Fund                             | 1,151,214                 | 3.97%                              | 45,701                              |
| General Fund                               | City Procurement Reengineering Trust Fund               | 2,594,265                 | 0.00%                              | -                                   |
| General Fund                               | Emergency Operations Fund                               | 598,860                   | 4.12%                              | 24,673                              |
| General Fund                               | L. A. Convention and Visitors Bureau Trust Fund         | 7,969,000                 | 0.00%                              | -                                   |
| General Fund                               | Los Angeles Zoo Enterprise Trust Fund                   | 8,698,577                 | 0.00%                              | -                                   |
| General Fund                               | Matching Campaign Funds                                 | 457,000                   | 4.12%                              | 18,828                              |
| General Fund                               | Municipal Recreation Program                            | 144,000                   | 4.12%                              | 5,933                               |
| General Fund                               | Project Restore Trust Fund                              | 200,000                   | 4.12%                              | 8,240                               |
| General Fund                               | Repayment of Sewer Const. Maint. Fund                   | 1,905,594                 | 4.12%                              | 78,510                              |
| General Fund                               | Repayment of St. Light. Maint. Assmt. Fund              | 218,575                   | 11.36%                             | 24,838                              |
| General Fund                               | Reserve for Extraordinary Liability Claims              | 7,659,913                 | 0.00%                              | -                                   |
| General Fund                               | Special Fire Safety Tax Fund                            | 5,215,733                 | 0.00%                              | -                                   |
|                                            | <b>Total General Fund</b>                               | <b>\$ 47,495,731</b>      |                                    | <b>\$ 392,257</b>                   |
| Arts and Cul. Fac. and Services Trust Fund | Related Costs                                           | 258,749                   | 3.97%                              | 10,272                              |
| Arts Development Fee Trust Fund            | Related Costs                                           | 55,050                    | 3.97%                              | 2,185                               |
| Arts Development Fee Trust Fund            | Reserved for Refunds                                    | 200,000                   | 4.12%                              | 8,240                               |
| B&S Systems Development Fund               | Building and Safety Overtime                            | 50,000                    | 4.64%                              | 2,320                               |
| B&S Systems Development Fund               | Miscellaneous                                           | 200,000                   | 4.64%                              | 9,280                               |
| B&S Systems Development Fund               | Other Project Costs                                     | 1,643,825                 | 4.64%                              | 76,270                              |
| B&S Systems Development Fund               | Related Costs                                           | 1,197,805                 | 3.97%                              | 47,553                              |
| Bicycle License Fund                       | Administration                                          | 1,000                     | 4.12%                              | 41                                  |
| Bicycle License Fund                       | Bicycle Program Coordinator                             | 41,011                    | 4.12%                              | 1,690                               |
| City Ethics Commission Fund                | Ethics Commission (2000-01)                             | 127,000                   | 4.12%                              | 5,232                               |
| City Ethics Commission Fund                | Related Costs                                           | 15,860                    | 3.97%                              | 630                                 |
| Code Enforcement Trust Fund                | Related Costs-City Departments                          | 1,224,708                 | 3.97%                              | 48,621                              |
| Code Enforcement Trust Fund                | Unallocated                                             | 1,341,937                 | 4.64%                              | 62,263                              |
| Community Development Trust Fund           | PRIMA 2000 Procurement Re-engineering                   | 2,280                     | 0.00%                              | -                                   |
| Community Development Trust Fund           | Related Costs                                           | 6,452,701                 | 3.97%                              | 256,172                             |
| Community Services Administration Grant    | Related Costs-City Departments                          | 395,012                   | 3.97%                              | 15,682                              |
| Forfeited Assets Trust Fund                | Civilianization Match                                   | 3,620,777                 | 4.12%                              | 149,176                             |
| Forfeited Assets Trust Fund                | COPS MORE Match                                         | 1,872,688                 | 4.12%                              | 77,155                              |
| Forfeited Assets Trust Fund                | Related Costs-City Departments                          | 154,371                   | 3.97%                              | 6,129                               |
| Forfeited Assets Trust Fund                | Supplemental Police Account                             | 1,103,247                 | 4.12%                              | 45,454                              |
| HOME Inv. Partnerships Program Fund        | Related Costs                                           | 1,113,797                 | 3.97%                              | 44,218                              |
| Household Hazardous Waste Fund             | Related Costs                                           | 859,846                   | 3.97%                              | 34,136                              |
| Household Hazardous Waste Fund             | Zoo Enterprise Trust Fund                               | 20,000                    | 0.00%                              | -                                   |
| Housing Op. for Persons with AIDS          | Related Costs                                           | 76,873                    | 3.97%                              | 3,052                               |
| L. A. Conv. and Visitors Bureau Trust Fund | Unallocated                                             | 712,900                   | 0.00%                              | -                                   |
| Local Law Enforcement Block Grant Fund     | Related Costs-City Departments                          | 146,351                   | 3.97%                              | 5,810                               |
| Major Projects Review Trust Fund           | MCA/Universal                                           | 211,343                   | 0.00%                              | -                                   |
| Major Projects Review Trust Fund           | Playa Vista                                             | 2,373,984                 | 0.00%                              | -                                   |
| Major Projects Review Trust Fund           | Porter Ranch                                            | 81,260                    | 0.00%                              | -                                   |
| Major Projects Review Trust Fund           | Related Costs-City Departments                          | 2,251,652                 | 3.97%                              | 89,391                              |
| Major Projects Review Trust Fund           | Sunshine Canyon                                         | 71,069                    | 0.00%                              | -                                   |
| Mobile Source Air Pollution Reduction Fund | Alternate Fuel Fleet Vehicles, Trucks, & Infrastructure | 1,250,000                 | 4.12%                              | 51,500                              |
| Mobile Source Air Pollution Reduction Fund | ATSAC Projects (CIEP)                                   | 2,938,105                 | 4.12%                              | 121,050                             |
| Mobile Source Air Pollution Reduction Fund | City Hall Shuttle Contract                              | 276,000                   | 0.00%                              | -                                   |
| Mobile Source Air Pollution Reduction Fund | Compressed Natural Gas Fueling Facility                 | 375,000                   | 4.12%                              | 15,450                              |
| Mobile Source Air Pollution Reduction Fund | Electric Vehicle Charging Infrastructure                | 200,000                   | 4.12%                              | 8,240                               |
| Mobile Source Air Pollution Reduction Fund | LAPD/R&P/DOT Bicycle Patrol Program                     | 50,000                    | 4.12%                              | 2,060                               |
| Mobile Source Air Pollution Reduction Fund | Related Costs                                           | 913,421                   | 3.97%                              | 36,263                              |
| Mobile Source Air Pollution Reduction Fund | Single Audit Contract                                   | 13,000                    | 4.12%                              | 536                                 |
| Municipal Housing Finance Fund             | Acquis., Rehab., and Const. Devel. and Loans            | 760,000                   | 3.00%                              | 22,800                              |
| Municipal Housing Finance Fund             | Affordable Housing Trust Fund                           | 1,596,000                 | 3.00%                              | 47,880                              |
| Municipal Housing Finance Fund             | Reserve                                                 | 210,492                   | 3.00%                              | 6,315                               |
| Procurement Reengineering Trust Fund       | PRIMA Project Costs                                     | 3,730,000                 | 0.00%                              | -                                   |
| Procurement Reengineering Trust Fund       | Related Costs                                           | 221,919                   | 0.00%                              | -                                   |



**TABLE E-7**  
**HARBOR ALLOCATION OF OTHER SPECIAL PURPOSE FUNDS APPROPRIATIONS**  
**FY 2000-01 BUDGET**

| <u>Fund</u>                             | <u>Description</u>                                 | <u>2000-01<br/>Budget</u> | <u>%<br/>Harbor<br/>Allocation</u> | <u>\$<br/>Harbor<br/>Allocation</u> |
|-----------------------------------------|----------------------------------------------------|---------------------------|------------------------------------|-------------------------------------|
| Procurement Reengineering Trust Fund    | Reserve for Future Capital Projects                | 6,072,577                 | 0.00%                              | -                                   |
| Rent Stabilization Trust Fund           | Related Costs-City Departments                     | 1,614,888                 | 3.97%                              | 64,111                              |
| Rent Stabilization Trust Fund           | Rent Stabilization Reserve                         | 3,749,684                 | 2.12%                              | 79,499                              |
| Res. for Extra. Liability Claims Fund   | Extraordinary Liability Claims                     | 7,659,913                 | 0.00%                              | -                                   |
| Sanitation Equipment Charge Fund        | Debt Administration                                | 25,000                    | 4.00%                              | 1,000                               |
| Sanitation Equipment Charge Fund        | Debt Service                                       | 20,693,621                | 4.00%                              | 827,745                             |
| Sanitation Equipment Charge Fund        | Related Costs-City Departments                     | 8,612,789                 | 3.97%                              | 341,928                             |
| Schedule 29 Fund                        | Affordable Housing Trust Fund                      | 1,300,000                 | 3.00%                              | 39,000                              |
| Schedule 29 Fund                        | Related Costs-City Departments                     | 2,172,192                 | 3.97%                              | 86,236                              |
| Special Fire Safety Tax Fund            | Reserve for Taxpayers' Reimbursement               | 12,281,315                | 0.00%                              | -                                   |
| Special Gas Tax Street Improvement Fund | Engineering Training-Travel                        | 3,000                     | 4.12%                              | 124                                 |
| Special Gas Tax Street Improvement Fund | Related Costs-City Departments                     | 9,802,055                 | 3.97%                              | 389,142                             |
| Special Gas Tax Street Improvement Fund | Transportation Training-Travel                     | 3,000                     | 4.12%                              | 124                                 |
| Special Police Communications Tax Fund  | Bond Administration                                | 50,000                    | 3.28%                              | 1,638                               |
| Special Police Communications Tax Fund  | Bond Capitalized Interest Reserve                  | 7,994,160                 | 3.28%                              | 261,883                             |
| Special Police Communications Tax Fund  | Bond Debt Service Reserve                          | 9,281,802                 | 3.28%                              | 304,065                             |
| Special Police Communications Tax Fund  | Insurance                                          | 100,000                   | 3.28%                              | 3,276                               |
| Special Police Communications Tax Fund  | Lease Payments                                     | 11,129,594                | 3.28%                              | 364,597                             |
| Special Police Communications Tax Fund  | Lease Reserve                                      | 1,231,822                 | 3.28%                              | 40,354                              |
| Special Police Communications Tax Fund  | Loss Reserve                                       | 300,000                   | 3.28%                              | 9,828                               |
| Special Police Communications Tax Fund  | Related Costs-City Departments                     | 275,829                   | 3.97%                              | 10,950                              |
| St. Light. Maintenance Assessment Fund  | County Collection Charges                          | 75,000                    | 11.36%                             | 8,523                               |
| St. Light. Maintenance Assessment Fund  | Energy and Maintenance                             | 17,485,000                | 11.36%                             | 1,986,932                           |
| St. Light. Maintenance Assessment Fund  | Los Angeles Neighborhood Initiative                | 200,000                   | 11.36%                             | 22,727                              |
| St. Light. Maintenance Assessment Fund  | Office and Administrative                          | 66,120                    | 11.36%                             | 7,514                               |
| St. Light. Maintenance Assessment Fund  | Office and Technical Equipment                     | 118,000                   | 11.36%                             | 13,409                              |
| St. Light. Maintenance Assessment Fund  | Official Notices                                   | 50,000                    | 11.36%                             | 5,682                               |
| St. Light. Maintenance Assessment Fund  | Related Costs                                      | 3,505,000                 | 3.97%                              | 139,149                             |
| St. Light. Maintenance Assessment Fund  | Street Lighting Improvement and Supplies           | 100,000                   | 11.36%                             | 11,364                              |
| St. Light. Maintenance Assessment Fund  | Tree Trimming                                      | 2,700,000                 | 11.36%                             | 306,818                             |
| Staples Arena Special Fund              | Unallocated                                        | 867,201                   | 0.00%                              | -                                   |
| Stormwater Pollution Abatement Fund     | Emergency Construction Contingency                 | 1,000,000                 | 3.00%                              | 30,000                              |
| Stormwater Pollution Abatement Fund     | On Call Contractors (Emergency Funds)              | 500,000                   | 3.00%                              | 15,000                              |
| Stormwater Pollution Abatement Fund     | Related Costs                                      | 6,374,201                 | 3.97%                              | 253,056                             |
| Stormwater Pollution Abatement Fund     | Repayment Interest                                 | 100,000                   | 3.00%                              | 3,000                               |
| Stormwater Pollution Abatement Fund     | Reserve for Future Capital Projects                | 1,026,721                 | 3.00%                              | 30,802                              |
| Stormwater Pollution Abatement Fund     | Unallocated NPDES Implementation                   | 300,000                   | 3.00%                              | 9,000                               |
| Telecom. Development Account            | Channel 35 Second Audio Program                    | 75,000                    | 0.00%                              | -                                   |
| Telecom. Development Account            | Citywide Access Corporation                        | 375,000                   | 0.00%                              | -                                   |
| Telecom. Development Account            | Franchise Renewal Contractual Services/Auditing    | 300,000                   | 3.08%                              | 9,234                               |
| Telecom. Development Account            | Municipal Access Expense and Equipment             | 1,402,801                 | 0.00%                              | -                                   |
| Telecom. Development Account            | Related Costs-City Departments                     | 734,009                   | 3.97%                              | 29,140                              |
| Workforce Investment Act Fund           | Related Costs-City Departments                     | 2,575,247                 | 3.97%                              | 102,237                             |
| Zoo Enterprise Trust Fund               | ADA Upgrades Child. Zoo and Anim. Cont. Area Proj. | 400,000                   | 0.00%                              | -                                   |
| Zoo Enterprise Trust Fund               | Orangutan Exhibit and Animal Health Center Project | 300,000                   | 0.00%                              | -                                   |
|                                         | Total Special Purpose Funds                        | 185,393,574               |                                    | 7,122,148                           |
|                                         | Total Other Special Purpose Funds                  | \$ 232,889,305            |                                    | \$ 7,514,405                        |



**TABLE E-8**  
**HARBOR CONTRACTUAL SERVICE APPROPRIATIONS (CITY OF LOS ANGELES )**  
**FY 2000-01 BUDGET**

| <u>Description</u>                                | <u>2000-01<br/>Budget</u> | <u>Number of<br/>Personnel<br/>Contracted</u> | <u>%<br/>Harbor<br/>Allocation</u> | <u>\$<br/>Harbor<br/>Allocation</u> | <u>Allocation Method</u>                                     |
|---------------------------------------------------|---------------------------|-----------------------------------------------|------------------------------------|-------------------------------------|--------------------------------------------------------------|
| Controller                                        |                           |                                               |                                    |                                     |                                                              |
| Salary                                            | 10,070,408                | 1                                             | 0.58%                              | 58,891                              | Systems Division - citywide employees                        |
| CAP Rate (estimated)                              |                           |                                               | 104.84%                            | 61,742                              |                                                              |
| Subtotal, Controller                              | \$ 10,070,408             |                                               |                                    | \$ 120,633                          |                                                              |
| Environmental Affairs                             |                           |                                               |                                    |                                     |                                                              |
| Salary                                            | 2,471,178                 | 1                                             | 2.70%                              | 66,789                              | Contracted LEA services                                      |
| CAP Rate (estimated)                              |                           |                                               | 63.67%                             | 42,524                              |                                                              |
| Subtotal, Environmental Affairs                   | \$ 2,471,178              |                                               |                                    | \$ 109,313                          |                                                              |
| Fire (Sworn)                                      |                           |                                               |                                    |                                     |                                                              |
| Salary                                            | 327,699,868               | 5                                             | 0.14%                              | 470,023                             | 911 System                                                   |
| CAP Rate (estimated)                              |                           |                                               | 62.22%                             | 292,448                             |                                                              |
| Subtotal, Fire (Sworn)                            | \$ 327,699,868            |                                               |                                    | \$ 762,471                          |                                                              |
| Fire (Civilian)                                   |                           |                                               |                                    |                                     |                                                              |
| Salary                                            | 327,699,868               | 1                                             | 0.03%                              | 94,005                              | 911 System                                                   |
| CAP Rate (estimated)                              |                           |                                               | 94.75%                             | 89,069                              |                                                              |
| Subtotal, Fire (Civilian)                         | \$ 327,699,868            |                                               |                                    | \$ 183,074                          |                                                              |
| Information Technology Agency                     |                           |                                               |                                    |                                     |                                                              |
| Salary (excl. As-Need, Hiring Hall)               | 47,080,368                | 29                                            | 3.97%                              | 1,869,091                           | Proportion of citywide employees<br>CAP rate provided by ITA |
| CAP Rate (estimated)                              |                           |                                               | 72.10%                             | 1,347,614                           |                                                              |
| Subtotal, ITA                                     | \$ 47,080,368             |                                               |                                    | \$ 3,216,705                        |                                                              |
| Police (Sworn)                                    |                           |                                               |                                    |                                     |                                                              |
| Salary (excl. As-Needed)                          | 789,264,010               | 3                                             | 0.02%                              | 173,528                             | IT, SID, specialized fleet maint., air                       |
| CAP Rate (estimated)                              |                           |                                               | 94.52%                             | 164,019                             |                                                              |
| Subtotal, Police (Sworn)                          | \$ 789,264,010            |                                               |                                    | \$ 337,547                          |                                                              |
| Police (Civilian)                                 |                           |                                               |                                    |                                     |                                                              |
| Salary (excl. As-Needed)                          | 789,264,010               | 38                                            | 0.28%                              | 2,198,024                           | IT, SID, specialized fleet maint., air                       |
| CAP Rate (estimated)                              |                           |                                               | 43.43%                             | 954,602                             |                                                              |
| Subtotal, Police (Civilian)                       | \$ 789,264,010            |                                               |                                    | \$ 3,152,625                        |                                                              |
| Transportation                                    |                           |                                               |                                    |                                     |                                                              |
| Salary (excl. As-Needed)                          | 75,346,174                | 2                                             | 0.14%                              | 103,214                             | ATSAC                                                        |
| CAP Rate (estimated)                              |                           |                                               | 82.40%                             | 85,048                              |                                                              |
| Subtotal, Transportation                          | \$ 75,346,174             |                                               |                                    | \$ 188,262                          |                                                              |
| Library                                           |                           |                                               |                                    |                                     |                                                              |
| Salary (excl. As-Needed)                          | 41,306,291                | 3                                             | 0.27%                              | 112,962                             | Information Tech. & Collec. division                         |
| CAP Rate (estimated)                              |                           |                                               | 76.28%                             | 86,167                              |                                                              |
| Subtotal, Library                                 | \$ 41,306,291             |                                               |                                    | \$ 199,129                          |                                                              |
| Total, Contractual Services (City of Los Angeles) |                           |                                               |                                    | \$ 8,269,759                        |                                                              |



The following tables represent the proportional allocation of each of City's receipts in the fiscal year 2000-01 budget, as shown in the "Detail Statement of Receipts," for purposes of estimating the amount of current revenues that would accrue to the proposed Harbor City.



**TABLE R-1**  
**HARBOR ALLOCATION OF GENERAL FUND REVENUE**  
**FY 2000-01 BUDGET**

| <u>Revenue Item</u>                                 | <u>2000-01<br/>Budget</u> | <u>%<br/>Harbor<br/>Allocation</u> | <u>\$<br/>Harbor<br/>Allocation</u> | <u>Notes</u>                                      |
|-----------------------------------------------------|---------------------------|------------------------------------|-------------------------------------|---------------------------------------------------|
| Property Tax                                        | 567,500,000               | 3.67%                              | 20,827,250                          | L.A. County Assessors' estimate for FY2000        |
| Utility Users Tax                                   | 450,670,000               | 4.03%                              | 18,169,969                          | City FY99 estimate                                |
| Business Tax                                        | 321,684,000               | 2.31%                              | 7,435,959                           | City FY99 estimate                                |
| Sales Tax                                           | 337,693,000               | 2.57%                              | 8,690,672                           | URD/SBOE preliminary estimate                     |
| State Motor Vehicle License Fees                    | 199,380,000               | 4.14%                              | 8,254,332                           | Population - adjusted for statewide reallocation  |
| Transient Occupancy Tax                             | 103,599,000               | 1.22%                              | 1,264,653                           | City FY99 estimate                                |
| Municipal Court Fines                               | 88,700,000                | 1.00%                              | 887,000                             | City FY99 parking fine estimate                   |
| Parking Users Tax                                   | 53,100,000                | 1.00%                              | 531,000                             | City FY99 estimate                                |
| Interest                                            | 24,028,000                | 3.48%                              | 836,174                             | Function of total revenue allocated               |
| Franchise Income                                    | 24,150,000                | 1.90%                              | 459,247                             | (See Table R-3 attached)                          |
| Civic Center Parking Income                         | 2,000,000                 | 0.00%                              | -                                   | City FY99 estimate                                |
| Transfer from Telecomm. Dev. Account                | 4,576,176                 | 3.08%                              | 140,857                             | City FY99 estimate                                |
| Transit Shelter Income                              | 1,750,000                 | 3.00%                              | 52,500                              | City FY99 estimate                                |
| Residential Development Fee                         | 1,550,000                 | 8.44%                              | 130,826                             | City FY99 estimate                                |
| Los Angeles Mall Rental Income                      | 515,000                   | 0.00%                              | -                                   | City FY99 estimate                                |
| <b>Subtotal, Geographically Located by City</b>     | <b>\$ 2,180,895,176</b>   |                                    | <b>\$ 67,680,440</b>                |                                                   |
| Licenses, Permits, Fees & Fines                     | 391,498,708               | 6.84%                              | 26,762,035                          | (See Table R-4 attached)                          |
| Power Revenue Transfer                              | 113,300,000               | 0.00%                              | -                                   | IFA assumes City retains ownership of system      |
| Documentary Transfer Tax                            | 88,000,000                | 4.12%                              | 3,625,600                           | City Planning department population estimate      |
| Utility Users Tax - Unallocated                     | 53,000,000                | 4.58%                              | 2,428,006                           | (See Table R-2 attached)                          |
| Transfer from Reserve Fund                          | 16,525,047                | 0.00%                              | -                                   | IFA assumes insufficient funds for allocation     |
| Water Revenue Transfer                              | 24,900,000                | 0.00%                              | -                                   | IFA assumes City retains ownership of system      |
| Franchise Income - Unallocated                      | 20,516,212                | 3.07%                              | 628,957                             | (See Table R-3 attached)                          |
| Grant Receipts                                      | 15,725,000                | 3.97%                              | 624,283                             | Total number of employees                         |
| Tobacco Settlement                                  | 10,100,000                | 0.00%                              | -                                   | Not allocated - not part of State MOU             |
| Transfer of Reserve Fund Loan                       | 8,000,000                 | 0.00%                              | -                                   | IFA assumes insufficient funds for allocation     |
| Municipal Court Fines - Unallocated                 | 6,400,000                 | 1.00%                              | 64,000                              | Same as City's estimate for municipal court fines |
| Capital Finance Admin. Transfer                     | 4,000,000                 | 3.48%                              | 139,200                             | Function of total revenue allocated               |
| <b>Subtotal, Not Geographically Located by City</b> | <b>\$ 751,964,967</b>     |                                    | <b>\$ 34,272,079</b>                |                                                   |
| <b>Total, General Fund Revenue</b>                  | <b>\$ 2,932,860,143</b>   |                                    | <b>\$ 101,952,519</b>               |                                                   |
| <b>Percent of Geographically Located Revenue</b>    |                           |                                    | <b>3.48%</b>                        |                                                   |



**TABLE R-2  
HARBOR ALLOCATION OF UTILITY USERS TAX  
FY 2000-01 BUDGET**

| <u>Revenue Item</u>            | <u>2000-01<br/>Budget</u> | <u>%<br/>Harbor<br/>Allocation</u> | <u>\$<br/>Harbor<br/>Allocation</u> | <u>Notes</u>                               |
|--------------------------------|---------------------------|------------------------------------|-------------------------------------|--------------------------------------------|
| Utility Users Tax - Electrical | 217,150,000               | 4.58%                              | 9,947,951                           | City FY99 estimate                         |
| Utility Users Tax - Telephone  | 233,520,000               | 3.52%                              | 8,222,018                           | City FY99 methodology (no rounding)        |
|                                | <u>\$ 450,670,000</u>     |                                    | <u>\$ 18,169,969</u>                |                                            |
| Utility Users Tax - Gas        | 53,000,000                | 4.58%                              | 2,428,006                           | Same as City estimate for UUT - Electrical |
| Utility Users Tax - Refunds    | -                         |                                    | -                                   |                                            |
|                                | <u>\$ 53,000,000</u>      |                                    | <u>\$ 2,428,006</u>                 |                                            |



**TABLE R-3**  
**HARBOR ALLOCATION OF FRANCHISE FEE**  
**FY 2000-01 BUDGET**

| <u>Revenue Item</u>              | <u>2000-01<br/>Budget</u> | <u>%<br/>Harbor<br/>Allocation</u> | <u>\$<br/>Harbor<br/>Allocation</u> | <u>Notes</u>                                        |
|----------------------------------|---------------------------|------------------------------------|-------------------------------------|-----------------------------------------------------|
| Franchise Income - Cable         | 12,000,000                | 3.08%                              | 369,364                             | City FY99 estimate                                  |
| Franchise Income - Wastewater    | 9,650,000                 | 0.00%                              | -                                   | IFA assumes City retains ownership of system        |
| Franchise Income - Police Garage | 2,500,000                 | 3.60%                              | 89,883                              | City FY99 estimate                                  |
| Total, Allocated                 | <u>\$ 24,150,000</u>      |                                    | <u>\$ 459,247</u>                   |                                                     |
| Franchise Income - Gas           | 13,800,000                | 3.08%                              | \$ 424,768                          | Same as City's estimate for cable                   |
| Franchise Income - Other         | 1,800,000                 | 4.12%                              | 74,160                              | City FY99 estimate                                  |
| Franchise Income - Taxis         | 1,700,000                 | 3.04%                              | 51,672                              | Proportion of year 2000 taxi vehicle authorizations |
| Total, Unallocated               | <u>\$ 17,300,000</u>      |                                    | <u>\$ 550,600</u>                   |                                                     |



**TABLE R-4**  
**HARBOR ALLOCATION OF LICENSES, PERMITS, FEES & FINES**  
**FY 2000-01 BUDGET**

| <u>Special Categories</u>                      | <u>2000-01<br/>Budget</u> | <u>%<br/>Harbor<br/>Allocation</u> | <u>\$<br/>Harbor<br/>Allocation</u> | <u>Notes</u>                                        |
|------------------------------------------------|---------------------------|------------------------------------|-------------------------------------|-----------------------------------------------------|
| Services to Sewer Fund                         | 36,895,000                | 0.00%                              | -                                   | - IFA assumes City retains ownership of system      |
| Services to Airports                           | 28,721,000                | 0.00%                              | -                                   | - IFA assumes City retains ownership of Airports    |
| MTA Reimbursement                              | 25,580,000                | 0.00%                              | -                                   | - IFA assumes City provides all services            |
| Service to Harbor                              | 22,785,000                | 73.63%                             | 16,777,264                          | (See Table R-5 attached)                            |
| Special Funds Related Costs                    | 22,785,000                | 1.93%                              | 440,517                             | Function of total special revenue allocated         |
| Grant Funded Related Costs                     | 10,942,000                | 3.97%                              | 434,397                             | Total number of employees                           |
| Gas Tax Projects                               | 9,802,000                 | 4.12%                              | 403,842                             | City FY99 estimate                                  |
| Sanitation Equipment Charge G.F. Reimbursement | 8,613,000                 | 0.00%                              | -                                   | - IFA assumes City retains ownership of system      |
| Chargeback Reimbursements                      | 7,653,000                 | 3.97%                              | 303,824                             | Total number of employees transferred               |
| Services to DWP                                | 6,520,000                 | 0.00%                              | -                                   | - IFA assumes City retains ownership of system      |
| Services to Stormwater Fund                    | 6,373,000                 | 3.00%                              | 191,190                             | City FY99 estimate                                  |
| One-Time Reimbursements                        | 6,265,000                 | 3.97%                              | 248,721                             | Total number of employees transferred               |
| G.O. Bond Reimbursement                        | 3,900,000                 | 0.00%                              | -                                   | - IFA assumes City administers bonds                |
| City Clerk - School & College Elections        | 2,148,000                 | 3.97%                              | 85,276                              | Total number of employees transferred               |
| Police Grants Related Costs                    | 300,000                   | 0.00%                              | -                                   |                                                     |
| Budget less Special                            | 191,636,456               | 4.09%                              | 7,837,338                           |                                                     |
| <b>Total, LPFF</b>                             | <b>\$ 390,918,456</b>     |                                    | <b>\$ 26,722,370</b>                |                                                     |
| <b>Budget Adjustments</b>                      | <b>\$ 580,252</b>         | <b>6.84%</b>                       | <b>39,665</b>                       |                                                     |
| <b>Net Total, LPFF</b>                         | <b>\$ 391,498,708</b>     |                                    | <b>\$ 26,762,035</b>                |                                                     |
| <b><u>Budget less Special</u></b>              |                           |                                    |                                     |                                                     |
| Animal Services                                | 3,188,000                 | 4.12%                              | 131,346                             | Licenses and shelter fees - population              |
| Building and Services                          | 67,530,456                | 4.41%                              | 2,976,556                           | (See Table R-6 attached)                            |
| CAO/OARS                                       | 228,000                   | 4.12%                              | 9,394                               | Population                                          |
| City Attorney                                  | 2,654,000                 | 3.97%                              | 105,364                             | Mostly fees for service - total number of employees |
| City Clerk                                     | 346,000                   | 0.00%                              | -                                   | - Administration of State grant - no allocation     |
| Controller                                     | 626,000                   | 3.97%                              | 24,852                              | Payroll deduction fee, CRA - total employees        |
| Council                                        | 5,000                     | 4.12%                              | 206                                 | Population                                          |
| Cultural Affairs                               | 39,000                    | 4.12%                              | 1,607                               | Population                                          |
| EPD                                            | 230,000                   | 4.12%                              | 9,476                               | Population                                          |
| Environmental Affairs                          | 576,000                   | 0.00%                              | -                                   | - LEA fees - no allocation (City remains LEA)       |
| Finance                                        | 65,000                    | 4.12%                              | 2,678                               | Fees for service - population                       |
| Fire                                           | 44,350,000                | 3.84%                              | 1,700,942                           | (See Table R-7 attached)                            |
| General Services                               | 11,278,000                | 3.97%                              | 447,737                             | Reimb. from depts., salvage - number of employees   |
| Housing                                        | 401,000                   | 3.97%                              | 15,920                              | Reimb. from depts. - number of employees            |
| Information Services                           | 1,169,000                 | 0.00%                              | -                                   | - Pensions, coin boxes - not allocated              |
| Personnel (including HRB)                      | 5,910,000                 | 3.97%                              | 234,627                             | Workers comp. - number of employees                 |
| Planning                                       | 4,484,000                 | 4.12%                              | 184,741                             | Planning/zoning fees - population                   |
| Police                                         | 21,005,000                | 4.12%                              | 865,406                             | Permits, false alarm/impound fees - population      |
| Bureau of Accounting                           | 177,000                   | 3.97%                              | 7,027                               | Reimb. of acct. services - number of employees      |
| Board Office                                   | 312,000                   | 3.97%                              | 12,386                              | Reimb. from depts. - number of employees            |
| Bureau of Contract Administration              | 5,680,000                 | 4.12%                              | 234,016                             | Permits, fees, reimbursements - population          |
| Bureau of Engineering                          | 6,312,000                 | 4.12%                              | 260,054                             | Permits, fees, reimbursements - population          |
| Management Employee Services                   | 71,000                    | 3.97%                              | 2,819                               | Reimb. of services - number of employees            |
| Bureau of Sanitation                           | 54,000                    | 4.12%                              | 2,225                               | Sale of refuse - population                         |
| Bureau of Street Services                      | 4,191,000                 | 4.12%                              | 172,669                             | Assessments, permits, repairs, fines - population   |
| Transportation                                 | 5,546,000                 | 4.12%                              | 228,495                             | Permits, repairs, fines - population                |
| Misc. Taxes & Fees                             | 3,300,000                 | 3.97%                              | 131,010                             | Total number of employees transferred               |
| General Fund - Misc.                           | 1,909,000                 | 3.97%                              | 75,787                              | Total number of employees transferred               |
|                                                | <b>191,636,456</b>        |                                    | <b>7,837,338</b>                    |                                                     |



**TABLE R-5**  
**SERVICE TO HARBOR (REIMBURSEMENT FROM HARBOR DEPARTMENT)**  
**FY 2000-01 BUDGET**

| <u>Department</u>                 | <u>2000-01<br/>Budget</u> | <u>%<br/>Harbor<br/>Allocation</u> | <u>\$<br/>Harbor<br/>Allocation</u> | <u>Notes</u>                             |
|-----------------------------------|---------------------------|------------------------------------|-------------------------------------|------------------------------------------|
| Administration and Research Serv. | 106,090                   | 0.00%                              | -                                   | - Function retained by City              |
| City Attorney                     | 1,899,120                 | 0.00%                              | -                                   | - Function retained by City              |
| Controller                        | 138,000                   | 0.00%                              | -                                   | - Function retained by City              |
| Information Technology            | 1,400                     | 0.00%                              | -                                   | - Function retained by City              |
| Fire                              | 13,175,957                | 100.00%                            | 13,175,957                          |                                          |
| Finance                           | 32,001                    | 0.00%                              | -                                   | - Function retained by City              |
| L.A. Convention Center            | 1,040,311                 | 0.00%                              | -                                   | - Not allowable per settlement agreement |
| General City Purposes             | 82,115                    | 0.00%                              | -                                   | - Function retained by City              |
| Non-Departmental-General          | 5,144,724                 | 70.00%                             | 3,601,307                           | Adjusted per settlement agreement        |
| Bureau of Contract Admin.         | 1,125,697                 | 0.00%                              | -                                   | - Function retained by City              |
| Bureau of Street Services         | 40,000                    | 0.00%                              | -                                   | - Function retained by City              |
| <b>Total, Service to Harbor</b>   | <b>\$ 22,785,415</b>      |                                    | <b>\$ 16,777,264</b>                |                                          |



**TABLE R-4**  
**HARBOR ALLOCATION OF LICENSES, PERMITS, FEES & FINES**  
**FY 2000-01 BUDGET**

|                                                | 2000-01               | %                                  | \$                                 |                                                     |
|------------------------------------------------|-----------------------|------------------------------------|------------------------------------|-----------------------------------------------------|
| <u>Special Categories</u>                      | <u>Budget</u>         | <u>Harbor</u><br><u>Allocation</u> | <u>Harbor</u><br><u>Allocation</u> | <u>Notes</u>                                        |
| Services to Sewer Fund                         | 36,895,000            | 0.00%                              | -                                  | - IFA assumes City retains ownership of system      |
| Services to Airports                           | 28,721,000            | 0.00%                              | -                                  | - IFA assumes City retains ownership of Airports    |
| MTA Reimbursement                              | 25,580,000            | 0.00%                              | -                                  | - IFA assumes City provides all services            |
| Services to Harbor                             | 22,785,000            | 73.63%                             | 16,777,264                         | (See Table R-5 attached)                            |
| Special Funds Related Costs                    | 22,785,000            | 1.93%                              | 440,517                            | Function of total special revenue allocated         |
| Grant Funded Related Costs                     | 10,942,000            | 3.97%                              | 434,397                            | Total number of employees                           |
| Gas Tax Projects                               | 9,802,000             | 4.12%                              | 403,842                            | City FY99 estimate                                  |
| Sanitation Equipment Charge G.F. Reimbursement | 8,613,000             | 0.00%                              | -                                  | - IFA assumes City retains ownership of system      |
| Chargeback Reimbursements                      | 7,653,000             | 3.97%                              | 303,824                            | Total number of employees transferred               |
| Services to DWP                                | 6,520,000             | 0.00%                              | -                                  | - IFA assumes City retains ownership of system      |
| Services to Stormwater Fund                    | 6,373,000             | 3.00%                              | 191,190                            | City FY99 estimate                                  |
| One-Time Reimbursements                        | 6,265,000             | 3.97%                              | 248,721                            | Total number of employees transferred               |
| G.O. Bond Reimbursement                        | 3,900,000             | 0.00%                              | -                                  | - IFA assumes City administers bonds                |
| City Clerk - School & College Elections        | 2,148,000             | 3.97%                              | 85,276                             | Total number of employees transferred               |
| Police Grants Related Costs                    | 300,000               | 0.00%                              | -                                  |                                                     |
| Budget less Special                            | 191,636,456           | 4.09%                              | 7,837,338                          |                                                     |
| <b>Total, LPFF</b>                             | <b>\$ 390,918,456</b> |                                    | <b>\$ 26,722,370</b>               |                                                     |
| <b>Budget Adjustments</b>                      | <b>\$ 580,252</b>     | <b>6.84%</b>                       | <b>39,665</b>                      |                                                     |
| <b>Net Total, LPFF</b>                         | <b>\$ 391,498,708</b> |                                    | <b>\$ 26,762,035</b>               |                                                     |
| <u><b>Budget less Special</b></u>              |                       |                                    |                                    |                                                     |
| Animal Services                                | 3,188,000             | 4.12%                              | 131,346                            | Licenses and shelter fees - population              |
| Building and Services                          | 67,530,456            | 4.41%                              | 2,976,556                          | (See Table R-6 attached)                            |
| CAO/OARS                                       | 228,000               | 4.12%                              | 9,394                              | Population                                          |
| City Attorney                                  | 2,654,000             | 3.97%                              | 105,364                            | Mostly fees for service - total number of employees |
| City Clerk                                     | 346,000               | 0.00%                              | -                                  | - Administration of State grant - no allocation     |
| Controller                                     | 626,000               | 3.97%                              | 24,852                             | Payroll deduction fee, CRA - total employees        |
| Council                                        | 5,000                 | 4.12%                              | 206                                | Population                                          |
| Cultural Affairs                               | 39,000                | 4.12%                              | 1,607                              | Population                                          |
| EPD                                            | 230,000               | 4.12%                              | 9,476                              | Population                                          |
| Environmental Affairs                          | 576,000               | 0.00%                              | -                                  | - LEA fees - no allocation (City remains LEA)       |
| Finance                                        | 65,000                | 4.12%                              | 2,678                              | Fees for service - population                       |
| Fire                                           | 44,350,000            | 3.84%                              | 1,700,942                          | (See Table R-7 attached)                            |
| General Services                               | 11,278,000            | 3.97%                              | 447,737                            | Reimb. from depts., salvage - number of employees   |
| Housing                                        | 401,000               | 3.97%                              | 15,920                             | Reimb. from depts. - number of employees            |
| Information Services                           | 1,169,000             | 0.00%                              | -                                  | - Pensions, coin boxes - not allocated              |
| Personnel (including HRB)                      | 5,910,000             | 3.97%                              | 234,627                            | Workers comp. - number of employees                 |
| Planning                                       | 4,484,000             | 4.12%                              | 184,741                            | Planning/zoning fees - population                   |
| Police                                         | 21,005,000            | 4.12%                              | 865,406                            | Permits, false alarm/impound fees - population      |
| Bureau of Accounting                           | 177,000               | 3.97%                              | 7,027                              | Reimb. of acct. services - number of employees      |
| Board Office                                   | 312,000               | 3.97%                              | 12,386                             | Reimb. from depts. - number of employees            |
| Bureau of Contract Administration              | 5,680,000             | 4.12%                              | 234,016                            | Permits, fees, reimbursements - population          |
| Bureau of Engineering                          | 6,312,000             | 4.12%                              | 260,054                            | Permits, fees, reimbursements - population          |
| Management Employee Services                   | 71,000                | 3.97%                              | 2,819                              | Reimb. of services - number of employees            |
| Bureau of Sanitation                           | 54,000                | 4.12%                              | 2,225                              | Sale of refuse - population                         |
| Bureau of Street Services                      | 4,191,000             | 4.12%                              | 172,669                            | Assessments, permits, repairs, fines - population   |
| Transportation                                 | 5,546,000             | 4.12%                              | 228,495                            | Permits, repairs, fines - population                |
| Misc. Taxes & Fees                             | 3,300,000             | 3.97%                              | 131,010                            | Total number of employees transferred               |
| General Fund - Misc.                           | 1,909,000             | 3.97%                              | 75,787                             | Total number of employees transferred               |
|                                                | <b>191,636,456</b>    |                                    | <b>7,837,338</b>                   |                                                     |



**TABLE R-5**  
**SERVICES TO HARBOR (REIMBURSEMENT FROM HARBOR DEPARTMENT)**  
**FY 2000-01 BUDGET**

| <u>Department</u>                 | <u>2000-01<br/>Budget</u> | <u>%<br/>Harbor<br/>Allocation</u> | <u>\$<br/>Harbor<br/>Allocation</u> | <u>Notes</u>                             |
|-----------------------------------|---------------------------|------------------------------------|-------------------------------------|------------------------------------------|
| Administration and Research Serv. | 106,090                   | 0.00%                              |                                     | - Function retained by City              |
| City Attorney                     | 1,899,120                 | 0.00%                              |                                     | - Function retained by City              |
| Controller                        | 138,000                   | 0.00%                              |                                     | - Function retained by City              |
| Information Technology            | 1,400                     | 0.00%                              |                                     | - Function retained by City              |
| Fire                              | 13,175,957                | 100.00%                            | 13,175,957                          |                                          |
| Finance                           | 32,001                    | 0.00%                              |                                     | - Function retained by City              |
| L.A. Convention Center            | 1,040,311                 | 0.00%                              |                                     | - Not allowable per settlement agreement |
| General City Purposes             | 82,115                    | 0.00%                              |                                     | - Function retained by City              |
| Non-Departmental-General          | 5,144,724                 | 70.00%                             | 3,601,307                           | Adjusted per settlement agreement        |
| Bureau of Contract Admin.         | 1,125,697                 | 0.00%                              |                                     | - Function retained by City              |
| Bureau of Street Services         | 40,000                    | 0.00%                              |                                     | - Function retained by City              |
| <b>Total, Service to Harbor</b>   | <b>\$ 22,785,415</b>      |                                    | <b>\$ 16,777,264</b>                |                                          |



**TABLE R-6**  
**HARBOR ALLOCATION OF BUILDING AND SAFETY DEPARTMENT LICENSES, PERMITS, FEES & FINES**  
**FY 2000-01 BUDGET**

| <u>Source</u>                                   | <u>2000-01<br/>Budget</u> | <u>%<br/>Harbor<br/>Allocation</u> | <u>\$<br/>Harbor<br/>Allocation</u> | <u>Notes</u>                                |
|-------------------------------------------------|---------------------------|------------------------------------|-------------------------------------|---------------------------------------------|
| Construction Permits                            | \$19,982,219              | 5.02%                              | 1,003,563                           | FY00 "Permits Issued" workload measurements |
| Other Licenses and Permits                      | 500,246                   | 4.64%                              | 23,210                              | Proportion of department employees          |
| State Mandated Program Reimbursement            | 25,000                    | 4.64%                              | 1,160                               | Proportion of department employees          |
| Special Building and Safety Services            | 2,371,399                 | 4.64%                              | 110,028                             | Proportion of department employees          |
| Other Government Services                       | 6,656                     | 4.64%                              | 309                                 | Proportion of department employees          |
| Plan Checking Fees                              | 21,293,817                | 4.04%                              | 861,020                             | FY00 "Plan Checks" workload measurements    |
| Engineering Fees, Inspection and Other Services | 23,341,119                | 4.18%                              | 976,801                             | FY00 "Inspections" workload measurements    |
| Miscellaneous Revenues                          | 10,000                    | 4.64%                              | 464                                 | Proportion of department employees          |
| Reimbursement from Other Funds                  | 482,957                   | 4.64%                              | 22,408                              | Proportion of department employees          |
| <b>Total, Fire</b>                              | <b>68,013,413</b>         |                                    | <b>2,998,964</b>                    |                                             |
| <b><u>Special Categories - Fire</u></b>         |                           |                                    |                                     |                                             |
| Reimbursement from Other Funds                  | (482,957)                 | 4.64%                              | (22,408)                            | Proportion of department employees          |
| <b>Total, Special Categories - Fire</b>         | <b>(482,957)</b>          |                                    | <b>(22,408)</b>                     |                                             |
| <b>Net Total</b>                                | <b>67,530,456</b>         |                                    | <b>2,976,556</b>                    |                                             |



**TABLE R-7**  
**HARBOR ALLOCATION OF FIRE DEPARTMENT LICENSES, PERMITS, FEES & FINES**  
**FY 2000-01 BUDGET**

| <u>Source</u>                           | <u>2000-01<br/>Budget</u> | <u>%<br/>Harbor<br/>Allocation</u> | <u>\$<br/>Harbor<br/>Allocation</u> | <u>Notes</u>                                       |
|-----------------------------------------|---------------------------|------------------------------------|-------------------------------------|----------------------------------------------------|
| Brush Removals                          | 1,521,005                 | 4.12%                              | 62,665                              | Population                                         |
| Filming Permits                         | 1,600,000                 | 4.12%                              | 65,920                              | Population                                         |
| Reimb From Other Agencies               | 500                       | 4.12%                              | 21                                  | Population                                         |
| Continuing Permits Section 5704         | 1,550,000                 | 4.12%                              | 63,860                              | Population                                         |
| Non-Continuing Permits                  | 825,000                   | 4.12%                              | 33,990                              | Population                                         |
| Fire Safety Off Cost Recovery           | 500,000                   | 4.12%                              | 20,600                              | Population                                         |
| Fire Service for San Fernando           | 1,840,000                 | 0.00%                              | -                                   | IFA assumes Valley FD will provide service         |
| Fire Services Restitution               | 45,000                    | 4.12%                              | 1,854                               | Population                                         |
| Inspection Restitution                  | 280,000                   | 4.12%                              | 11,536                              | Population                                         |
| Miscellaneous-Fire Service              | 250,000                   | 4.12%                              | 10,300                              | Population                                         |
| Underground Storage Tk-Plan Ck          | 150,000                   | 4.12%                              | 6,180                               | Population                                         |
| Unified Program-Annual Fees             | 4,150,000                 | 4.12%                              | 170,980                             | Haz. mat. related - population                     |
| High-Rise Inspection Fee                | 1,400,000                 | 0.32%                              | 4,444                               | Estimated proportion of Harbor office buildings    |
| Fir Sfty Clear Insp-Care Facil          | 15,000                    | 4.12%                              | 618                                 | Population                                         |
| Spot Check Prog Cost Recovery           | 420,000                   | 4.12%                              | 17,304                              | Population                                         |
| Brush Clearance Restitution             | 245,322                   | 4.12%                              | 10,107                              | Population                                         |
| Emergency Ambulance Services            | 28,697,284                | 4.12%                              | 1,182,328                           | Population                                         |
| Kaiser Patient Transport                | 285,000                   | 4.12%                              | 11,742                              | Population                                         |
| Service to Propr Dept-Airports          | 10,640,000                | 0.00%                              | -                                   | Allocated as a "special category"                  |
| Service to Propr Dept-Harbor            | 13,175,957                | 0.00%                              | -                                   | Allocated as a "special category"                  |
| Miscellaneous Revenues                  | 1,000                     | 4.12%                              | 41                                  | Population                                         |
| Reimb Empl Rel - UFLAC                  | 225,942                   | 6.25%                              | 14,129                              | Union related - number of FD employees transferred |
| Jury Duty Reimbursement                 | 2,000                     | 4.12%                              | 82                                  | Population                                         |
| Fire-Noncompliance Billing              | 113,077                   | 4.12%                              | 4,659                               | Population                                         |
| Brush Non-Compliance Fee                | 133,983                   | 4.12%                              | 5,520                               | Population                                         |
| Anti Smoking Noncompliance Fee          | 50,000                    | 4.12%                              | 2,060                               | Population                                         |
| <b>Total, Fire</b>                      | <b>68,116,070</b>         |                                    | <b>1,700,942</b>                    |                                                    |
| <b><u>Special Categories - Fire</u></b> |                           |                                    |                                     |                                                    |
| Service to Propr Dept-Airports          | (10,640,000)              | 0.00%                              | -                                   | IFA assumes City retains ownership of Airports     |
| Service to Propr Dept-Harbor            | (13,175,957)              | 0.00%                              | -                                   | Allocated as a "special category"                  |
| <b>Total, Special Categories - Fire</b> | <b>(23,815,957)</b>       |                                    | <b>-</b>                            |                                                    |
| <b>Net Total</b>                        | <b>44,300,113</b>         |                                    | <b>1,700,942</b>                    |                                                    |
| <b>Adjustment to Match Budget</b>       | <b>49,887</b>             |                                    | <b>-</b>                            |                                                    |
| <b>Net Adjusted Total</b>               | <b>44,350,000</b>         |                                    | <b>1,700,942</b>                    |                                                    |



**TABLE R-8**  
**HARBOR ALLOCATION OF SPECIAL PURPOSE FUND REVENUE**  
**FY 2000-01 BUDGET**

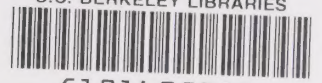
| Revenue Item                                         | 2000-01<br>Budget       | %<br>Harbor<br>Allocation | \$<br>Harbor<br>Allocation | Allocation Method                                      |
|------------------------------------------------------|-------------------------|---------------------------|----------------------------|--------------------------------------------------------|
| Power Construction and Maintenance Fund (14)         | 484,099,203             | 0.00%                     | -                          | IFA assumes City retains ownership of system           |
| Special Gas Tax Street Improvement Fund (5)          | 98,372,691              | 4.14%                     | 4,072,629                  | Population - adjusted for statewide reallocation       |
| Proposition A Local Transit Assistance Fund (26)     | 60,400,200              | 4.12%                     | 2,488,488                  | City FY99 estimate                                     |
| San. Equipment Charge Special Revenue Fund (2)       | 47,699,800              | 4.00%                     | 1,907,993                  | City FY99 estimate                                     |
| Proposition C Anti-Gridlock Transit Impr. Fund (27)  | 47,387,000              | 4.12%                     | 1,952,344                  | City FY99 estimate                                     |
| Stormwater Pollution Abatement Fund (7)              | 30,190,077              | 3.00%                     | 905,703                    | City FY99 estimate applied to all fund revenue         |
| Convention Center Revenue Fund (16)                  | 26,567,000              | 0.00%                     | -                          | IFA assumes City retains ownership                     |
| Special Parking Revenue Fund (11)                    | 24,235,812              | 1.23%                     | 297,092                    | City FY99 estimate                                     |
| A. Conv. and Visitor's Bureau Trust Fund (1)         | 15,938,000              | 0.00%                     | -                          | IFA assumes City retains ownership                     |
| Enterprise Trust Fund (44)                           | 15,494,909              | 0.00%                     | -                          | IFA assumes City retains ownership                     |
| Supplemental Law Enforcement Services (46)           | 8,437,000               | 4.12%                     | 347,604                    | City FY99 estimate                                     |
| Arts and Cul. Fac. and Services Trust Fund (24)      | 8,029,000               | 1.22%                     | 98,012                     | City FY99 TOT estimate                                 |
| Code Enforcement Trust Fund (42)                     | 6,900,000               | 2.63%                     | 181,427                    | City FY99 estimate                                     |
| Port Stabilization Trust Fund (23)                   | 6,800,000               | 2.12%                     | 144,171                    | City FY99 estimate                                     |
| Mobile Source Air Pollution (10)                     | 5,682,310               | 4.12%                     | 234,111                    | City FY99 estimate                                     |
| Major Projects Review Trust Fund (35)                | 4,989,308               | 0.00%                     | -                          | City FY99 estimate                                     |
| Recom. Liq. Dam. and Lost Franchise Fees (20)        | 3,423,824               | 3.08%                     | 105,386                    | City FY99 estimate                                     |
| City Employees Ridesharing Fund (12)                 | 2,478,107               | 0.12%                     | 2,981                      | City FY99 estimate                                     |
| El Pueblo de Los Angeles Hist. Mon. Rev. (43)        | 2,353,300               | 0.00%                     | -                          | IFA assumes City retains ownership                     |
| Staples Arena Special Fund (31)                      | 2,148,170               | 0.00%                     | -                          | City FY99 estimate                                     |
| Minor Americans Act Fund (21)                        | 1,284,541               | 4.21%                     | 54,079                     | City Funding Formula                                   |
| City Ethics Commission Fund (30)                     | 1,151,214               | 3.97%                     | 45,703                     | Function of total number of employees                  |
| Municipal Housing Finance Fund (48)                  | 984,400                 | 3.00%                     | 29,532                     | City FY99 estimate                                     |
| Park and Recreational Sites and Facilities Fund (15) | 850,000                 | 8.44%                     | 71,743                     | City FY99 estimate                                     |
| <b>Subtotal, Geographically Located by City</b>      | <b>\$ 905,895,866</b>   |                           | <b>\$ 12,938,998</b>       |                                                        |
| Street Lighting Maintenance Assessment Fund (19)     | 44,847,000              | 11.36%                    | 5,096,250                  | Proportion of Street Lighting "Field Operations" staff |
| Community Development Trust Fund (8)                 | 29,195,622              | 4.00%                     | 1,167,825                  | City FY99 estimate                                     |
| Local Public Safety Fund (17)                        | 28,220,000              | 0.00%                     | -                          | IFA assumes no allocation to Harbor                    |
| Traffic Safety Fund (4)                              | 18,000,000              | 4.12%                     | 741,600                    | Population                                             |
| Spec. Police Communications/911 System Tax (33)      | 14,136,907              | 0.00%                     | -                          | IFA assumes City remains as administrator              |
| Allocations from other sources (29)                  | 14,097,846              | 3.97%                     | 559,684                    | Total number of employees transferred                  |
| Workforce Investment Act (22)                        | 11,622,756              | 4.00%                     | 464,910                    | City FY99 estimate for Community Devel. Trust          |
| Procurement Reengineering Trust Fund (32)            | 10,756,545              | 0.00%                     | -                          | Results from City savings - no allocation to Harbor    |
| Local Law Enforcement Block Grant Fund (45)          | 8,845,417               | 3.58%                     | 316,348                    | Proportion of Police staff transferred                 |
| Reserve for Extraordinary Liability Claims (49)      | 7,659,913               | 0.00%                     | -                          | G.F. appropriation - no allocation or expenditure      |
| CERS - Airport Revenue                               | 6,212,198               | 0.00%                     | -                          | IFA assumes City retains ownership of Airports         |
| Spec. Fire Safety and Para. Communications (6)       | 5,215,733               | 0.00%                     | -                          | Related to overpayment - tax no longer assessed        |
| HOME Investment Partnerships Program Fund (9)        | 4,337,398               | 4.00%                     | 173,496                    | City FY99 estimate for Community Devel. Trust          |
| Building and Safety Sys. Devel. Trust Fund (40)      | 3,950,000               | 4.42%                     | 174,467                    | Ave. of workload permits, plan checks, inspections     |
| Household Hazardous Waste Special Fund (39)          | 2,076,000               | 4.12%                     | 85,531                     | Population                                             |
| CERS - Harbor Revenue                                | 1,909,358               | 0.00%                     | -                          | IFA assumes City retains ownership of Harbor           |
| Local Transportation Fund (34)                       | 1,700,000               | 4.12%                     | 70,040                     | Allocated by MTA based on population                   |
| Landfill Maintenance Special Fund (38)               | 1,521,000               | 4.12%                     | 62,665                     | Sale of recyclables - population                       |
| Community Services Administration Grant (13)         | 1,509,965               | 4.00%                     | 60,399                     | City FY99 estimate for Community Devel. Trust          |
| Rental Housing Production Fund                       | 1,300,000               | 2.70%                     | 35,116                     | Proportion of rental units                             |
| Street Damage Restoration Fee Fund (47)              | 1,000,000               | 3.97%                     | 39,700                     | Function of total number of employees                  |
| Business Development Fee Trust Fund (25)             | 722,000                 | 4.12%                     | 29,746                     | Function of private construction - population          |
| Housing Opportunities for Persons with AIDS (41)     | 267,150                 | 4.00%                     | 10,686                     | City FY99 estimate for Community Devel. Trust          |
| Forfeited Assets Trust Fund (3)                      | 152,000                 | 4.12%                     | 6,262                      | Population as proxy                                    |
| Motorcycle License Fund (18)                         | 24,600                  | 4.12%                     | 1,014                      | Population as proxy                                    |
| Master Assistance Trust Fund (37)                    | (12,850,000)            | 4.12%                     | (529,420)                  | Population as proxy                                    |
| <b>Subtotal, Not Geographically Located by City</b>  | <b>\$ 206,429,408</b>   |                           | <b>\$ 8,566,320</b>        |                                                        |
| <b>Total, Special Purpose Fund Revenue</b>           | <b>\$ 1,112,325,274</b> |                           | <b>\$ 21,505,318</b>       |                                                        |







U.C. BERKELEY LIBRARIES



C101695081





Public Financial Management